

## PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. HOFFMAN:

H. R. 7582. A bill to define, to prevent, and to punish interference with interstate and foreign commerce; to the Committee on Interstate and Foreign Commerce.

By Mr. SHANLEY:

H. J. Res. 390. Joint resolution requesting the President to appoint a committee to prepare suitable ceremonies and celebration for the four hundred and fiftieth anniversary on October 12, 1942, of the discovery of America by Christopher Columbus; to the Committee on Foreign Affairs.

By Mr. HOFFMAN:

H. Res. 313. Resolution requesting certain information from the Secretary of War; to the Committee on Military Affairs.

H. Res. 314. Resolution requesting certain information from the Secretary of the Navy; to the Committee on Naval Affairs.

## PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BROWN of Ohio:

H. R. 7583. A bill granting a pension to Esta M. McArthur; to the Committee on Pensions.

By Mr. LUCE:

H. R. 7584. A bill for the relief of Horace Lothrop Ham; to the Committee on Naval Affairs.

By Mr. ROBSION of Kentucky:

H. R. 7585. A bill granting a pension to Mollie Messer; to the Committee on Invalid Pensions.

## PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

5734. By Mr. ASHBROOK: Petition of T. R. Aten and nine others, of North Olmsted, Ohio, opposing the repeal of the existing neutrality law; to the Committee on Foreign Affairs.

5735. By Mr. GILLIE: Petition of Elsie R. Smith and 70 other residents of Fort Wayne, Ind., opposing repeal of the arms embargo; to the Committee on Foreign Affairs.

5736. Also, petition of Mr. and Mrs. Glen Wilson and sundry citizens of Angola, Ind., opposing repeal of the arms embargo; to the Committee on Foreign Affairs.

5737. Also, petition of Bernadette Kaade and 100 other citizens of Fort Wayne, Ind., urging retention of the embargo on arms and munitions; to the Committee on Foreign Affairs.

5738. By Mr. SHAFER of Michigan: Petition of Donald M. Bivens and 600 citizens of Battle Creek, Mich., opposing any effort to repeal the arms embargo or amend the present neutrality law; to the Committee on Foreign Affairs.

5739. Also, resolution of Kalamazoo Chamber of Commerce, Kalamazoo, Mich., urging the Congress of the United States to beware of all entanglements and hysteria that might lead the country into war; to the Committee on Foreign Affairs.

5740. Also, petition of 30 members of the Men's Adult Bible Class, Bethany Reformed Church, Kalamazoo, Mich., opposing any change in the neutrality law, particularly opposing the cash-and-carry plan; to the Committee on Foreign Affairs.

5741. Also, petition of Jerry VanderVeen and 40 citizens of Kalamazoo, Mich., opposing repeal of the arms embargo in the neutrality law; to the Committee on Foreign Affairs.

5742. Also, petition of L. G. Wichert, of Hillsdale, Mich., and 11 other citizens of Hillsdale, Mich., opposing the repeal of the arms embargo and the cash-and-carry provisions of the neutrality bill; to the Committee on Foreign Affairs.

5743. Also, petition of G. S. Feller and 23 citizens of Coldwater, Mich., requesting that the present Neutrality Act be kept in force; to the Committee on Foreign Affairs.

5744. Also, petition of John Bernard and 99 other citizens of Grand Ledge, Mich., opposing any change in the present neutrality law; to the Committee on Foreign Affairs.

5745. Also, petition of Mrs. Hary Kimball and 39 citizens of Kalamazoo, Mich., protesting against any change in the

present neutrality law and the participation of America in the European conflict; to the Committee on Foreign Affairs.

5746. Also, petition of R. J. Beaton and 17 citizens of Kalamazoo, Mich., to keep the United States out of war and in opposition to any change in the neutrality law; to the Committee on Foreign Affairs.

5747. Also, petition of William Hodges and 12 citizens of Marshall, Mich., opposing any change in the neutrality law of the United States; to the Committee on Foreign Affairs.

## SENATE

FRIDAY, OCTOBER 13, 1939

(Legislative day of Wednesday, October 4, 1939)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Z. Barney T. Phillips, D. D., offered the following prayer:

Father of infinite power and love, with hearts responsive and enlightened minds we thank Thee for Thy might so mighty and Thy love so true. Give us the calm, high courage needful in these days of grievous stress, courage that shall be born of thankfulness for all Thy blessings vouchsafed to our beloved America. Help us to realize that our happiness is not merely the gift of Thy bestowal, but that it must be achieved, lived for, worked for, if we would bring it into the highest, holiest fellowships of life, into home and family, where children's laughter makes the house a garden, fragrant with the atmosphere of joy and hope and love.

And, as Thou hast not dealt more tenderly with any nation, make us humble, that we may better serve Thee with quickened hearts that find Thee everywhere; and help us to bring the nations back into the fold of Thy most loving care. We ask it for the sake of our Lord and Saviour, Jesus Christ. Amen.

## THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day, Thursday, October 12, 1939, was dispensed with, and the Journal was approved.

## CALL OF THE ROLL

Mr. MINTON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Davis	King	Schwartz
Andrews	Donahay	La Follette	Schwellenbach
Austin	Downey	Lodge	Sheppard
Bailey	Ellender	Lucas	Shipstead
Bankhead	Frazier	Lundeen	Slattery
Barkley	George	McCarran	Smathers
Bilbo	Gerry	McKellar	Stewart
Borah	Gibson	McNary	Taft
Bridges	Gillette	Maloney	Thomas, Okla.
Brown	Green	Mead	Thomas, Utah
Bulow	Guffey	Minton	Townsend
Burke	Gurney	Murray	Truman
Byrd	Hale	Norris	Tydings
Byrnes	Harrison	Nye	Vandenberg
Capper	Hatch	O'Mahoney	Van Nuys
Caraway	Hayden	Overton	Wagner
Chandler	Herring	Pepper	Wheeler
Chavez	Hill	Pittman	White
Clark, Idaho	Holman	Radcliffe	Wiley
Clark, Mo.	Holt	Reed	
Connally	Johnson, Calif.	Reynolds	
Danaher	Johnson, Colo.	Russell	

Mr. MINTON. I announce that the Senator from Washington [Mr. BONE] and the Senator from Virginia [Mr. GLASS] are detained from the Senate because of illness.

The Senator from Arizona [Mr. ASHURST] is absent because of illness in his family.

The Senator from Delaware [Mr. HUGHES], the Senator from Oklahoma [Mr. LEE], the Senator from Arkansas [Mr. MILLER], the Senator from West Virginia [Mr. NEELY], the Senator from South Carolina [Mr. SMITH], and the Senator from Massachusetts [Mr. WALSH] are unavoidably detained.

Mr. AUSTIN. I announce that the Senator from New Jersey [Mr. BARBOUR] is necessarily absent.

The VICE PRESIDENT. Eighty-five Senators having answered to their names, a quorum is present.

#### TRIBUTE TO THE LATE SENATOR LOGAN

The VICE PRESIDENT laid before the Senate resolutions of the one hundred and fourth annual session of the Grand Lodge of Kentucky, Independent Order of Odd Fellows, at Prestonsburg, Ky., unanimously adopted as a tribute to the memory of Hon. M. M. Logan, late a Senator from the State of Kentucky, which were ordered to lie on the table.

#### CLAIMS OF THE CHEROKEE INDIANS

The VICE PRESIDENT laid before the Senate a letter from Robert L. Owen, Esq., attorney of record, transmitting the petition of the Eastern and Western Cherokees praying for the enactment of the bill (S. 2952) authorizing the Court of Claims to adjudicate and render judgment on certain claims of the Cherokee Indians, and for other purposes, which, with the accompanying papers, was referred to the Committee on Indian Affairs.

#### INVESTMENT TRUSTS AND INVESTMENT COMPANIES

The VICE PRESIDENT laid before the Senate a letter from the chairman of the Securities and Exchange Commission, transmitting, pursuant to law, chapter III of part 3 of the Commission's over-all report on the study of investment trusts and investment companies—abuses and deficiencies of the organization and operation of investment trusts and investment companies, chapter III, problems in connection with the distribution and repurchase of shares of open-end and closed-end management investment trusts and investment companies—which, with the accompanying report, was referred to the Committee on Interstate Commerce.

#### PETITION AND MEMORIAL

The VICE PRESIDENT laid before the Senate a resolution adopted by the convention of the American Federation of Teachers at Buffalo, N. Y., favoring the enactment of legislation to restore prevailing wages on all W. P. A. projects, which was referred to the Committee on Appropriations.

He also laid before the Senate a resolution of the South Bend (Ind.) Civic Planning Association, protesting against any action or program which might entangle the United States in a foreign war and lead to American troops being sent overseas, which was ordered to lie on the table.

#### FUNERAL EXPENSES OF THE LATE SENATOR LOGAN

Mr. BARKLEY submitted the following resolution (S. Res. 192), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

*Resolved*, That the Secretary of the Senate hereby is authorized and directed to pay from the contingent fund of the Senate the actual and necessary expenses incurred by the committee appointed by the Vice President in arranging for and attending the funeral of Hon. M. M. Logan, late a Senator from the State of Kentucky, upon vouchers to be approved by the Committee to Audit and Control the Contingent Expenses of the Senate.

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Calloway, one of its reading clerks, announced that the House had agreed to the concurrent resolution (S. Con. Res. 30), as follows:

*Resolved by the Senate (the House of Representatives concurring)*, That, in accordance with paragraph 3 of section 2 of the Printing Act, approved March 1, 1907, the Committee on Foreign Relations of the Senate be, and is hereby, authorized and empowered to have printed for its use 500 additional copies of the hearings held before said committee during the Seventy-fourth Congress, second session, on the bill (S. 3474) relating to neutrality.

#### ADDRESS BY THE PRESIDENT TO POSTMASTERS ON OCTOBER 11, 1939

[Mr. McKellar asked and obtained leave to have printed in the RECORD an address delivered by the President of the United States to postmasters on October 11, 1939, which appears in the Appendix.]

#### ADDRESS BY SENATOR LUCAS ON PENDING NEUTRALITY LEGISLATION

[Mr. BARKLEY asked and obtained leave to have printed in the RECORD a radio address, delivered on October 12, 1939, by Senator Lucas, on the pending neutrality legislation, which appears in the Appendix.]

#### ADDRESS BY POSTMASTER GENERAL FARLEY TO NATIONAL ASSOCIATION OF POSTMASTERS

[Mr. McKellar asked and obtained leave to have printed in the RECORD an address delivered by Postmaster General Farley before the thirty-ninth annual convention of the National Association of Postmasters at Washington, D. C., October 12, 1939, which appears in the Appendix.]

#### ADDRESS BY W. K. JACKSON ON "AMERICAN SHIPPING IN WARTIME"

[Mr. GUFFEY asked and obtained leave to have printed in the RECORD an address on the subject of American shipping in wartime, delivered by W. K. Jackson, vice president of the United Fruit Co., before the National Foreign Trade Convention at New York City, October 11, 1939, which appears in the Appendix.]

#### ARTICLE BY JAMES G. STAHLMAN RELATIVE TO PREPAREDNESS

[Mr. McKellar asked and obtained leave to have printed in the RECORD an article by James G. Stahlman, published in the Nashville Banner of October 6, 1939, relative to preparedness, which appears in the Appendix.]

#### ARTICLES BY HARLAN MILLER ON "ROOSEVELT ON FOREIGN AFFAIRS"

[Mr. HILL asked and obtained leave to have printed in the RECORD two articles by Harlan Miller entitled "Roosevelt on Foreign Affairs," published in the Washington Post of October 12 and 13, 1939, which appear in the Appendix.]

#### NEUTRALITY AND PEACE OF THE UNITED STATES

The Senate resumed the consideration of the joint resolution (H. J. Res. 306), Neutrality Act of 1939.

Mr. TAFT. Mr. President, the Neutrality Act, to which we are today considering amendments, never was a neutrality act. It should have been called "an act to keep the United States out of war." We could be neutral, and we have been neutral in many wars, without any of the provisions of the so-called Neutrality Act. But the authors of the act felt, and the authors of the present amendments feel, that the adoption of certain domestic policies with relation to our own citizens and our own trade are more likely to keep the United States from becoming involved in war. Long before the European war began, I repeatedly stated my belief that we could stay out of that war if we were determined to stay out, regardless of the provisions of any neutrality act and regardless of any amendments to the Neutrality Act.

#### AMERICANS DETERMINED TO STAY OUT OF WAR

I have been greatly encouraged since returning to Washington, because it is clear to me that 95 percent of the people of the United States are determined to stay out of any European war, and that we will stay out regardless of what we do about the Neutrality Act. It is said that in spite of a desire to stay out of the World War, we were ultimately drawn in. But we were not drawn in for nearly 2½ years, and there did not exist at that time anything like the experience with modern war, the disillusionment regarding Europe, and the fierce determination to stay out which exists in this country today.

Nevertheless, the American people are an emotional people. The screaming headlines of the newspapers and appeals on the radio try to play on those emotions. The more firmly their present determination is based on sound logic rather than emotion, the more certain are the people to hold to their determination to stay out. And so now is an appropriate time to consider the soundness of the reasons for staying out of war and of the reasons urged for entering it. Personally I believe we should stay out of this war under almost any circumstances that I can think of, but I do not want to state that simply as a conclusion; I want to give the reasons why I think that we should be determined and should remain determined to stay out of Europe.

#### REASONS FOR STAYING OUT OF WAR

In the first place, Europe's quarrels are everlasting. If we admit at all that we should take an active interest, we will be involved in perpetual war. In Europe there is a welter of races so confused that boundaries cannot be drawn without leaving minorities which are a perpetual source of friction. National animosities are traditional and bitter. America enjoys a fortunate position of isolation—selfishly



fortunate, if you please—and in this country the different races have learned to live together in peace.

In George Washington's Farewell Address there is one statement which had no particular relation to what was going on then but which had a universal application and still has. He said:

Europe has a set of primary interests which to us have none, or a very remote relation. Hence she must be engaged in frequent controversies, the causes of which are essentially foreign to our concerns.

We do not even understand European problems. Our supposed foreign experts, I believe, frequently do not know what is really going on in Europe even on the surface, certainly not what is happening in the chancelleries of Europe. I have little sympathy with those who assume to judge all European statesmen, who criticize so-called power politics in Europe, who say, in effect, "a plague on both your houses," and imply that there is no choice between different nations. There is just as much right and wrong in European quarrels as in any other quarrels, and it is difficult for us to be certain which nation is right and which nation is wrong. When I see the freedom of independent nations like Czechoslovakia and Poland destroyed my sympathies are naturally aroused against nazi-ism and communism; but certainly our sympathies with one side or another give no assurance that we are right and certainly constitute no reason for plunging our people into the horrors of modern warfare, and keeping them in it for all time to come until civilization itself shall be destroyed.

#### WAR WOULD ENDANGER DEMOCRACY

It is said that we should take part because the democracies are fighting the dictatorships. We may sympathize with the democracies because of their form of government, but war will not preserve them. The World War was fought to save democracy and it resulted in the creation of more dictatorships than had been created for a hundred years. The English and French Governments may be Fascist or Communist when this war is over, for nothing is so destructive of democratic government as war. It is obvious that if we are ever to have peace, we cannot concern ourselves about the forms of government which other countries have. We cannot even persuade them to change those forms of government. Certainly we cannot go to war for that purpose.

Nothing would be so destructive of democratic government in the United States as war. By the declaration of war, vast powers are conferred on the Executive. He may take over the railroads, the telephone and telegraph lines, the radio, the public utilities, and all industrial plants. He may destroy the whole American system of free enterprise. He may practically nullify local self-government and the independence of the States. In the World War the powers which then existed were only partially exercised, and the whole attitude of the Government was directed toward maintaining normal relationships, and was sympathetic to restoring the system of individual initiative and democratic government the moment the war was over. The present administration has been inspired by a desire to regulate all business and industry and agriculture. Those who control the present Government apparently believe in a planned economy under Government control. A war policy of confiscation dominated by that philosophy would create a completely socialized form of life, from which we might and probably never could return to the liberty and freedom heretofore regarded as characteristic of America. No. The best service to democracy we can perform is to show that we can maintain a democratic form of government even in an emergency. We can set an example for the world by showing that the democratic form of government brings more peace and happiness to its people than any other. In the end, such an example is bound to be followed, as it was followed in the nineteenth century by so many countries.

#### WE NEED NOT FEAR INVASION

The other argument for war that is urged more strongly now is based on the fear that if Hitler defeats France and England he will sweep on over the United States. I believe that fear is based on an illusion. Herbert Hoover recently

showed that Hitler is most unlikely to win, whether or not he can be defeated. Even if he should win, he would hardly be free to attack the United States. No dictator has ever dominated Europe for long. He is inevitably involved in countless difficulties on that continent. France and England won the World War, but Germany has been a thorn in their side for 20 years. The problem of dealing with the other peoples of Europe, even though they are defeated, is one which will absorb the energy of any victor. Furthermore, no one wins a modern war. The victor is only a shade less exhausted than the vanquished.

There seems to be no reason why Hitler should pick a quarrel with the most powerful nation in the world when he has nothing to gain by such a course; for if he should win, the raw materials and territories of Africa and Asia would be open to German development. Finally, I am convinced that we can defend this continent against any combination likely to develop in the rest of the world. So our military and naval experts tell us. The maintenance of a stronger navy than any German navy or combined navies is well within our capacity.

#### PREVENT INCIDENTS LEADING TOWARD WAR

No, Mr. President, regardless of our sympathies in Europe, the people's determination to keep out of European wars is based on the soundest of logic, which cannot be shaken. I am confident, even by waves of emotionalism. Nevertheless, we should try to eliminate the possibility of the kind of incidents which may arouse the resentment of our people and give substantial cause for a change in our attitude. We should consider whether the present Neutrality Act does tend to keep us out of war; and if not, what amendments can be made which will do so.

In considering amendments I do not think we need to pay any tremendous respect to the technical principles of international law. Other nations have consistently disregarded it. It is largely based on the doctrine of freedom of the seas; and if we insist on that doctrine, it will certainly lead us into warlike combat and controversy. I do not sympathize with the President's recent commendations of international law. International law has little to do with the amendments we are considering. I agree with the learned Senator from Idaho [Mr. BORAH] that an arms embargo is not contrary to international law, but neither is a repeal of the arms embargo. In determining our own policy, if we remain neutral in the common sense of that term as the ordinary man understands it, we can largely forget the rights of foreign countries based on the technicalities of international law.

The approach seems to me much simpler than that. What kind of incidents are likely to get us into trouble? In the World War the predominating cause was the sinking of American ships carrying goods—mostly not arms, ammunition, or implements of war—to Europe and the drowning of American citizens. Seven American ships were sunk by submarines during the years 1915 and 1916; and during the month of March 1917, with the declaration of unrestricted submarine warfare, six American ships were sunk and 63 Americans drowned. There is no record, so far as I can find, that any of these ships were carrying arms, ammunition, or implements of war. Several were tankers, which could not possibly have been carrying them. In my opinion, we should prohibit our ships from going to Europe. That policy is no more cowardly than it is to keep people out of a burning house. It is simply good sense to prevent American citizens not only from risking their own lives but from plunging us into a war which may involve millions of other lives.

#### BAR OUR SHIPS FROM WAR ZONES

I suggest, however, an amendment to the present proposal. That proposal gives the President wide discretion in declaring war zones. It prohibits American ships going to belligerent countries, but does not prohibit their going to neutral countries unless the President declares war zones around those countries. Our ships, for instance, could still go to Holland and Belgium, right through the submarine zone, and yet under this joint resolution they could not go to Australia or Jamaica, where the danger is practically non-

existent. I think we should make a legislative declaration of a war zone covering all waters within 300 miles of Europe, including Scandinavia, Great Britain, and Ireland, and the Mediterranean; but all other restrictions should be removed, except in such additional zones as the President may find to be dangerous. This will be much less damaging to American trade and shipping and more effective to prevent war. Giving up the trade to Europe would not be serious, for American shipping is less than 5 percent of the total shipping of the world, and can surely find employment in other parts of the world than that which is now a battlefield for the warships of belligerent nations.

#### NO CREDITS TO WARRING NATIONS

I may say that American shipping, apart from tankers, is only 4.8 percent of the total shipping. Certainly there is plenty of field in the world for that shipping to find a proper place to go. Incidentally, it looks as if we may have to take over most of the trade that Germany has had in South America and some other parts of the world, and our ships can replace the German ships in that trade.

Such a proposal as I have made will not in any way hamper American shipping; it can adjust itself very quickly to such a plan, and under it American shipping probably will succeed in receiving a good deal higher return for its work than it has been receiving in time of peace.

Another step which will remove an incentive to war on the part of many American citizens is that which prohibits credits to belligerent nations. The more such credits are advanced, the more people acquire a financial interest in the success of their debtors. This may not be an important factor; there is a dispute as to whether it was a factor in the World War; but it would be at least some factor in aiding the strength of war propagandists, if we get to that point.

I see no reason for the so-called 90-day provision. Surely a foreign government—and the prohibition extends only to governments—could provide cash before the goods leave the American port. Perhaps we might make it clear that checks and demand drafts on American banks are equivalent to cash.

I should like to see the prohibition of credits extended to the prohibition of credits to individuals and corporations of belligerent nations; but I realize the difficulty of doing this and enforcing it, and the fact that such credits probably will not be large. However, I suggest that the prohibition against the sale of belligerent securities in this country include those of private corporations as well as governments. In this connection, I intend to offer an amendment providing that no Government agency shall, directly or indirectly, finance exports to belligerent nations. The Reconstruction Finance Corporation has available more than a billion dollars, and, through the Export-Import Bank, before the war, was, in effect, loaning to governments in all parts of the world money which indirectly was advanced in the first instance to American exporters. Such loans to belligerent countries are certainly nonneutral, and inconsistent with the cash-and-carry policy.

I have no reason to suppose or know that any such loans are being made, but while we are prohibiting credits we should prohibit the Government itself from making credits.

Furthermore, we should be assured that the stabilization fund is not used by the Secretary of the Treasury to buy pounds in such quantities as to finance British purchases in the United States. Last year, when the Secretary was before the Committee on Banking and Currency, I asked him whether it would not be possible under the stabilization-fund law to finance \$2,000,000,000 worth of British purchases in the United States by buying pounds with gold. The Secretary did not answer the question; but it is perfectly obvious that it would be possible for us, if we proposed to support the pound, to buy pounds to a point which would provide the same amount of dollars for British purchases here, without a loan of any kind, but at the end of the war we would have pounds costing us \$2,000,000,000, which might not be worth \$2, let alone two billion.

The Secretary stated that if that were possible, and of course it is, he would not consider such a policy without con-

sulting Congress. I trust that he is still of the same mind. But it would be a very easy matter, if he announced the policy of trying to maintain the pound at, say, \$4, gradually to accumulate pounds for that purpose until they amounted to a very substantial sum.

Some limitation on the amount of currency of a belligerent country which may be purchased by the stabilization fund should be included in this bill.

#### PREVENT A VIOLENT WAR BOOM

The provision against credit to belligerent countries tends not only to keep us out of war, but has the effect pointed out by other Senators of limiting the violence of a war boom in the United States. At best we are going to have some unnatural inflation of business from the war. If it becomes too great, there will be a reaction later, with its attendant unemployment and suffering in the United States. If foreign purchases are confined to cash they cannot be a tremendous factor in American business. What we have chiefly to fear is loaning of money on a vast scale, such as we saw during the World War and after the World War, creating billions of dollars of business which could not possibly continue long. Prohibition of credit is a much greater protection against this evil than any arms embargo, because inflation would result far more from purchases of other things than arms than it would from the purchase of arms. They were seven times as valuable in the World War, and some of the worst effects of inflation of prices were felt on the farm. The ultimate limitation on foreign purchases is not going to be brought about by the arms embargo but by the amount of cash available for purchases of all kinds.

I think the suggestion of the learned Senator from Wisconsin [Mr. LA FOLLETTE] that we should weigh the consequences of an excessive export trade based on war is a sound suggestion. I think the time may come when we should say, "No; we cannot safely inflate our business further, and there must be some limitation on the total amount of exports." I do not believe that question will arise. I think the probable amount of exports is overestimated. I think perhaps the people who are counting on a tremendous boom are not justified in that belief. But if it should occur, I believe, with the Senator from Wisconsin, that we should take some active steps to see that we do not have a tremendous boom and the consequent tremendous reaction.

In short, the cash-and-carry policy seems to me the one policy which will have some effect in reducing the chance of our becoming involved in war, while at the same time serving our best national interests.

#### IMPORTANCE OF ARMS EMBARGO EXAGGERATED

Today there is an embargo on the shipment to belligerent countries of arms, ammunition, and implements of war. The present resolution proposes to repeal it, and this debate is centered for the most part about that repeal. Many of my correspondents apparently think that today we are not shipping anything of importance to Europe, but when the embargo is repealed the floodgates will be opened. Of course, they are greatly mistaken.

The business boom, so far as it is based on anything substantial today, is largely based on the increase in the manufacture of steel for all purposes; not guns, it is true, but the steel and machine tools with which to make guns; not ammunition, but the alcohol and cotton and other materials with which to make ammunition; not airplanes, but automobiles and the materials with which to make airplanes. During the World War and today the larger belligerent nations are making most of their own arms, ammunition, and implements of war, and prefer to do so if they can. In the World War, during the 2½ years before our entrance, while we were neutral, only 13 percent of our total shipments to Canada, France, Italy, Russia, and the United Kingdom consisted of arms, ammunition, and implements of war as now defined—\$1,270,000,000 in 3 years, as compared to total shipments of \$9,610,000,000. The other 87 percent were materials of all kinds, just the same kind of materials as are being shipped today in American ships right through the submarine zone. The increase of trade resulting from the repeal of the



embargo today is grossly overestimated in the public mind. That increase would apparently consist mostly of airplanes, anti-airplane guns, and a few other specialties. With a limitation on credit, I doubt very much whether there would be a material increase in the total of all exports to the belligerent nations. There has been a good deal of talk about the profits of munition manufacturers and pressure from those manufacturers. I have not seen or heard of any such pressure. If England and France have to pay cash, they are not likely to agree to any tremendous profits to any manufacturer. The principal effect will be an increase in the number of men put to work in airplane factories and a few other plants. Shipments of all kinds of materials are going to England and France.

It is said the proposed action is urged because it is needed for a boom. I think that so far as any boom is concerned it is an unimportant factor. We are going to have some kind of an increase in activity anyway and the removal of the arms embargo will not have any substantial effect on the size of this particular increase in prosperity.

#### ARMS EMBARGO POLICY ENCOURAGES WAR

What we have to consider here is whether the arms embargo, reversing the policy established in the United States for a hundred and fifty years, is a sound national policy, and whether in any way it tends to keep us out of war.

I am opposed to the arms-embargo policy because, although there is a specious humanitarianism about it, it really makes war more likely throughout the world. It favors large nations with all the facilities for the manufacture of arms against small nations which do not have those facilities. It favors continental powers with access to resources over the land against sea powers which have always traded with us, and relied upon their trade with us. It favors warlike nations which build up their armaments in time of peace, and it discriminates against those nations which, hoping for peace and relying on treaties, fail to pour vast sums into armament. In short, it favors the aggressor against the peaceful nation. It encourages war in other parts of the world; it does not discourage it.

I should like to read a statement made in a letter by a former President of the United States in 1915. He said:

I cannot write to a neutrality meeting such a letter as you would wish. I think that to interdict the supply of ammunition and arms from this country to the belligerents in the war would be to adopt a policy that would seriously interfere with our own welfare should we ever be drawn into a war against our will by the unjust invasion of some power who was fully prepared and who would always find us unprepared. Such a policy as that you indicate would mean that the power who is armed cap-a-pie would always have at a disadvantage those countries that were not in such a state of preparation.

It would, therefore, lead to even greater pressure upon all the countries of the world than that we have seen in the last two decades, to increase their armaments, a result which we would all deplore.

#### ARMS EMBARGO UTTERLY ILLOGICAL

Furthermore, the arms embargo imposed by the present law is completely illogical. We sell arms, ammunition, and implements of war to any nation which is at peace. We enable those nations to build up their armaments and use our arms for any purpose of aggression or otherwise. We sell today to Italy and Russia and Japan and China, although Italy and Russia might be in the war tomorrow. We sell to our neighbor Mexico, which has confiscated our property and maintained the most cordial relations with Germany and Japan, but we refuse to sell to our neighbor Canada, with whom we have been at peace for 100 years, and whose safety is essential to us. We sell the materials, but not the finished product. Much has been said about the terrible trade in arms and permitting our munitions and airplanes to be used for war purposes, but how illogical this position is as long as we are selling the materials with which to make these products. How Pharsaical is an attitude which says: "We will sell you the steel and give you the machinery and the cotton and the alcohol and the nitrates required to make arms and ammunition, but our hands are too clean to complete the process of manufacture; you can do that

yourself." There is little difference between materials and completed arms. As a matter of fact, in the ultimate outcome of the war there is little difference between food and arms. "Food will win the war" was the slogan in 1918. It is almost as true today. These nations in Europe are fighting for their existence. The shipment or embargo of materials has exactly the same effect as the shipment of arms. To be consistent, the advocates of the arms embargo should be in favor of complete prohibition of all trade with belligerent nations which would enable them to continue the war and neutral nations which may ship to belligerent nations. They will not go so far, nor is it necessary that we adopt such a completely isolationist policy, with its attendant suffering to our own people and destruction to those who have come to rely in peacetime on trade with the United States.

#### NEUTRALITY NOT AFFECTED BY REPEAL OF ARMS EMBARGO

It is argued on this floor and throughout the country that to permit the shipment of arms is unneutral and that repeal is an abandonment of our neutrality. Letters come to me saying, "Do not repeal neutrality." I quite agree. I have no intention of advocating any repeal of neutrality, but this is no repeal of neutrality. There is nothing to justify that conclusion. We are just as neutral without an arms embargo as with an arms embargo, and no one asserts the contrary. We have been neutral in countless wars without the suggestion of an arms embargo. The absence of an arms embargo had nothing whatever to do with our involvement in the World War. It is a specious argument, and one which seemed reasonable on the surface when the arms embargo was first adopted; but after further consideration, as long ago as last April, before the President recommended the repeal, I came to the conclusion, and stated publicly, that I felt the arms embargo ought to be repealed. The United States Government has repeatedly declared that to permit the shipment of arms is entirely neutral. Daniel Webster said, in his reply to the Mexican Government in 1842:

If it be true, therefore, that citizens of the United States have been engaged in a commerce by which Texas, an enemy of Mexico, has been supplied with arms and munitions of war, the Government of the United States nevertheless was not bound to prevent it; could not have prevented it without a manifest departure from the principles of neutrality.

Secretary John Hay, in 1899, quoting Chancellor Kent, says:

It was successfully shown on the part of the United States that neutrals may lawfully sell at home to a belligerent purchaser or carry themselves to the belligerent powers contraband articles, subject to the right of seizure in transitu. The right has since been explicitly declared by the judicial authorities of this country.

It is claimed that the repeal of the arms embargo is unneutral because it is being done after war has begun. We are said to be changing the rules of the game after the game is started. In the first place, war is not a game; it is a deadly serious matter, and you cannot make it different by simply using a catch phrase.

In the second place, the imposing of an embargo on American products is a strictly domestic policy. We have the right to do it or not do it, as we see fit. It cannot be said that any nation went to war relying on laws which might be changed by Congress. Certainly Hitler did not do so. We did not mislead him. When he went to war, a law repealing the arms embargo was pending in Congress, recommended by the President of the United States. Those who favor repeal are willing to accept the cash-and-carry plan. In doing so, they nullify their own argument against changing our laws after war begins. If the repeal of the arms embargo tends to help England and France, the cash-and-carry plan imposes handicaps on them.

I quite agree with the Senator from Maine [Mr. WHITE] that if this war goes on for several years, the limitation on credit is going to be a more serious check on their conduct of the war than the arms embargo is today. The opponents of repeal have destroyed their only argument that this proposed action is unneutral, by accepting the cash-and-carry plan. Only the technicalities of international law can support the thesis that a change in our laws relating to the ex-

port of goods from this country violates neutrality because made in time of war rather than in time of peace.

It is said that repeal would be unneutral because it tends to help England and France. This seems to me no argument against a policy which is otherwise perfectly sound. If we help England and France as an incident to the adoption of a sound American policy, that seems rather an argument for than against the proposal, for certainly the sympathies of this country are with those governments against Hitlerism. Certainly our sympathy for those countries should not be a reason against adopting a policy which is otherwise sound. As a matter of fact, the arms embargo discriminates against England and France and against any peaceful nation, and we have a greater moral obligation to remove that discrimination than we have any moral obligation to Hitler to maintain it simply because it happened to exist at the beginning of a war which he began.

If the arms embargo is a mistaken policy, the mere fact that it was adopted by an overwhelming vote in Congress in 1935 is no reason to continue it, certainly not for those of us who came to the Senate after it was adopted. A good many laws have been adopted by almost unanimous vote in Congress since 1932, which might well be repealed today.

#### REPEAL OF ARMS EMBARGO DOES NOT MAKE WAR MORE LIKELY

If there is any sound argument for continuing the arms embargo, it must be based on the theory that it will keep us out of war. I have listened with care to the opponents of repeal, and I have yet to hear any reason why the repeal of the arms embargo will get us any closer to a participation in the war. It has been asserted many times, but no sound reason supports those assertions. First, it is said that it will annoy Germany, and that Germany will thereupon make war on us. The last thing in the world that Germany is going to do is make war on us. On the other hand, once this joint resolution is disposed of either way, they are just as likely to torpedo American ships which carry only materials as those which carry arms. They have already torpedoed Swedish and Finnish ships carrying only lumber, as distinctly related to the conduct of the war as is food. The unrestricted submarine campaign in 1917 was inaugurated, not for the purpose of preventing the shipment of arms, but for the purpose of starving the British people, in retaliation for the British attempt to starve the German people. The German policy is nothing if not realistic. In any event, the cash-and-carry plan will keep our ships away from submarine zones, so that incidents likely to lead to war cannot occur, even if Germany is annoyed.

It is said that Germans will hate us because munitions are made by us instead of by the Allies with our steel and machine tools. That was asserted yesterday, and I simply do not believe it. Whether the Germans hate us or not will depend on whether the German Government tells them to hate us. European governments are expert in hate propaganda. If any European government wants its people to hate America, they will do so under pressure and propaganda from the government. If the government does not want its people to hate us, they probably will not hate us. I do not believe the shipment of arms will have the slightest relation to that particular situation.

Secondly, it is asserted that if our arms go to Europe our boys will follow them. Why, in the name of common sense? What possible relation is there between the export of arms in foreign ships and the sending of American troops to Europe? Why should we care what happens to our particular arms once they leave our shores?

Thirdly, it is said that the passage of this law will result in the sabotage of American plants, thereby arousing enmity against Germany and leading us into war. In the first place, I do not believe it; furthermore, we certainly are not going to change our domestic policies for fear that crimes will result in the United States. We have an effective police force of our own. If sabotage is to occur at all, it is just as likely to occur around the shipment of oil and gasoline as around the shipment of arms. Oil and gasoline are a good deal more explosive, and at the present time they are a good deal more essential to the conduct of the war

than any arms which we are likely to supply. Nor, in my opinion, is an explosion in an arms plant in the United States ever likely to excite our people to war.

Unable to find any sound reason why the repeal of the embargo would tend toward war, those who oppose repeal assert that the passage of this act is a symbol—a symbol of something, I do not know what—a symbol of our desire to enter the war, perhaps. To my mind there is no such desire, and there is no such symbol. The fact that such an argument is used only shows that there is no substantial effect which repeal can have tending toward war. This act cannot be made a symbol by calling it so. It is no such symbol to me. Whether the English, French, and Germans regard it as such a symbol or do not regard it as such a symbol should have no effect on what we do with our own laws.

Should I vote against a measure which has certain definite provisions and certain definite effects because somebody says it is a symbol of something which is not in the law? The argument defeats itself. If that is the only argument that can be brought forward for an arms embargo, then there is no sound reason for an arms embargo. It is no such symbol to the American people. Whether we pass this law or do not pass it, 95 percent of those people are determined to stay out of war.

No sensible British or French or German observer will advise his government that the passage of this law is any symbol of an American desire to enter the European war. Should any proposal be made to advance credit to one nation and not another, to impose embargoes against one nation and not another, in my opinion, it would be overwhelmingly defeated in this Senate and in the House of Representatives, not to mention any more extreme measure than this. In my opinion, this bill increases the neutrality of the United States and puts us in a stronger position to resist all possible involvement in Europe.

#### PRESIDENT'S POLICIES CRITICIZED

The President of the United States, however, would make a tremendous mistake if he regarded the passage of this bill as in any way a symbol of popular approval of interference in Europe. The popular opposition to this bill, as far as it exists, is based on suspicion of the President's tendency to interfere in the European war. He has publicly pledged his determination to keep America at peace, and we can surely accept that pledge. But let him not feel that the passage of this bill in any way endorses some of his earlier statements.

In Chicago, in 1938, he declared his belief that we should "quarantine the aggressor nations." In addressing Congress in January 1939 he said:

The defense of religion, of democracy, and of good faith among nations is all the same fight. To save one, we must now make up our minds to save all.

It is somewhat difficult to see how we could save democracy and good faith among nations by any policy of mere defense of the United States. It is true that he admitted that the American people were not willing to go to war, but he said:

There are many methods short of war, but stronger and more effective than mere words, of bringing home to aggressor governments the aggregate sentiments of our own people.

The distinguished senior Senator from Nevada said last December:

The people of the United States have the right and power to enforce morality and justice in accordance with the peace treaties with us, and they will. Our Government does not have to use military force, and will not unless necessary.

I am willing to accept the statements of the President and the senior Senator from Nevada that these policies have been abandoned, and that we propose to remain neutral in the present war, without economic sanctions or embargoes or military force, if necessary, but let them not make the mistake of thinking that the passage of this law is any symbol of endorsement of those policies. The President might well pay some attention to restoring sound fiscal policies at home and relieving private enterprise of some of the burdens which keep 10,000,000 unemployed, rather than devoting his time to preparation for a war which will not occur. I question the wisdom or necessity of increasing the Army of the United States to the



extent, at least, that rehabilitation of warships or the construction of barracks violate the statutes of the United States. I question the wisdom of keeping the headlines full of submarine scares. I dislike the constant rumors that members of the administration are privately predicting our entrance into the war. I shall vote for this measure, and I feel confident that most of the other Senators will vote for it because they believe that it will tend to keep us out of war.

#### CONGRESS SHOULD MAKE CLEAR ITS PEACE POLICY

That there may never be any doubt of our purpose in Congress, I propose to offer the following preamble to be inserted in the joint resolution:

Whereas it is the considered judgment of an overwhelming proportion of our people that the United States should not and need not become a participant in the present European war: Now, therefore,

This resolution is adopted for the purpose of preserving the neutrality of the United States, and making it less likely that we ever become involved in that war.

Without questioning the good faith of the President in his present attitude on neutrality, I believe that Congress should remain in session to take such prompt legislative action in any emergency which may arise as may be necessary to carry out the determination of the American people that America remain at peace. We have no more important duty. We should stay here and perform it.

The PRESIDING OFFICER (Mr. GILLETTE in the chair). The question is on agreeing to the amendment offered by the Senator from Missouri [Mr. CLARK] to the amendment reported by the committee.

Mr. NYE obtained the floor.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. NYE. I yield to the Senator from Oregon.

Mr. McNARY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Davis	King	Schwartz
Andrews	Donahay	La Follette	Schwellenbach
Austin	Downey	Lodge	Sheppard
Bailey	Ellender	Lucas	Shipstead
Bankhead	Frazier	Lundeen	Slattery
Barkley	George	McCarran	Smathers
Bilbo	Gerry	McKellar	Stewart
Borah	Gibson	McNary	Taft
Bridges	Gillette	Maloney	Thomas, Okla.
Brown	Green	Mead	Thomas, Utah
Bulow	Guffey	Minton	Townsend
Burke	Gurney	Murray	Truman
Byrd	Hale	Norris	Tydings
Byrnes	Harrison	Nye	Vandenberg
Capper	Hatch	O'Mahoney	Van Nuys
Caraway	Hayden	Overton	Wagner
Chandler	Herring	Pepper	Wheeler
Chavez	Hill	Pittman	White
Clark, Idaho	Holman	Radcliffe	Wiley
Clark, Mo.	Holt	Reed	
Connally	Johnson, Calif.	Reynolds	
Danaher	Johnson, Colo.	Russell	

The PRESIDING OFFICER. Eighty-five Senators have answered to their names. A quorum is present.

Mr. NYE. Mr. President, I took much pleasure in listening to some of the conclusions which have been reached by the Senator from Ohio [Mr. TAFT]. With others of his conclusions I most violently differ.

The question is raised by the Senator, Is repeal of the arms embargo a symbol of desire to enter the war? To that question there can be only one answer, "No." But if the question is, Is the arms-embargo repeal a symbol of the first step on the part of the United States on a steady tramp, tramp, tramp into war program? then the answer is most definitely, "Yes"; again and again, "Yes." Any man who can give his mind and his time to an honest, open study of what trade in munitions did to the United States back in 1914, 1915, and 1916, and say that embargo repeal at this time is not symbolic, is utterly ignoring so well written a record of truth that it is unfortunate.

Mr. President, there is one lone issue in this debate, and it involves this question, Will helping the Allies keep us out of war? The President thinks it will. I am sure it will not. In furthering my point I shall undertake this afternoon, as best I know how, to reveal how utterly symbolic and how

closely related is the subject of an arms embargo and the question of our going to war.

The Senate is indebted to the Senator from Nebraska [Mr. BURKE] and the Senator from Vermont [Mr. AUSTIN], neither of whom is on the floor at the moment, for removing the false whiskers from this debate. They have done a splendid job of that. The President, in the position he occupies, could not be expected to state the issue frankly, but every Senator knows the purpose of the administration in this arms-embargo repeal effort is to help the Allies, on the theory that they are "our first line of defense." That is why we are asked to wipe from our statute books the arms embargo. Very well, if that is the challenge, then that challenge is accepted, and, accepting it, let us now meet and debate that real issue.

I deny with all the emphasis at my command that helping the Allies is neutrality. Others have denied it. We affirm that embargo repeal is a step toward war.

We deny that the British Navy and the French Army are America's first line of defense. We affirm that neutrality is our first line of defense.

We deny that the United States can make the world safe from Hitlerism by becoming the silent partner of the British Empire. We affirm that America's participation in this war, in any form, would bring no more democracy, no more justice, no more lasting peace to Europe than our last credulous crusade "to make the world safe for democracy."

We deny that Britain is fighting our war for us and therefore deserves our support. We affirm that neither President Roosevelt nor any other American knows the Allies' undeclared war aims, except that they will be spawned in European power politics alien to American interests.

We deny that Europe's interest should come first in drafting American law and policy. We affirm America first.

We challenge the administration to look to America first. We challenge the administration to save democracy here. Only in that way can we help ourselves and suffering Europe. The issue at stake is whether the best interests of the United States will be served by choosing sides now, officially, and getting into the war in Europe a little.

The Senator from Nebraska has told us frankly that he supports the pending joint resolution because it will help one side. I quote the Senator:

It favors the belligerents that we want favored, by giving them a chance of coming here with their ships and buying our goods.

I admire the Senator's frankness. His views coincide with the views one hears privately in Washington among those who are asking for repeal. They want to help England and France and are quite ready to scrap our own protective legislation in order to do so. They feel that the preservation of the British and the French Empires is essential to our security. I entirely disagree with that viewpoint. I think it is based only on sentiment and not on an objective analysis of the international forces at loose in the world today and of the practicable steps at hand by which we can serve our own national interests.

Arthur Krock, Washington correspondent of the New York Times, stated well the reason motivating those who ask for repeal. On the 6th of September 1939 he wrote:

But the actual reason why the administration wants the embargo repealed is because it deprives, in this instance, Great Britain and France of 10 percent of the war-making materials which would help them defeat Germany. There has been little official concealment that this is the real reason for the recent unsuccessful attempt to eliminate the ban.

I presume perhaps there are other newspaper columnists who may be more aptly described as being spokesmen for the administration, but I am sure that few will dispute the contention that Mr. Krock generally knows what he is talking about when he speaks of administration viewpoints.

The London Times of September 20, 1939, contained a news article in effect seconding Mr. Krock's views. I quote from that article the following:

The President knows as well as any opposing Senator that if the law is amended it will be under the stress of sympathies which the opposition was in the summer determined to resist. In those

theoretical, comparatively academic, days it was pointed out that the embargo offers the only active aid to Germany America can give, whereas its repeal will help Great Britain and France to come and take whatever armaments they need. All along this has been the administration argument, but in the dead center of the crisis the President did not use it. He has by implication insisted that the embargo is contrary to neutrality under international law; and to international law in a lawless world the President and with him Mr. Cordell Hull wish to adhere.

Mr. President, on this same subject I wish to read an article appearing only yesterday, written by Gen. Hugh S. Johnson in his daily column. The general on yesterday found his range grandly, and because he did, from my viewpoint, so splendid a job of meeting this important issue, I am going to read to the Senate his column:

Interventionist columnists and newspapers of the eastern seaboard are clanking Senator AUSTIN, of Vermont, for what they call his candor in saying that he wants to repeal the embargo on arms because it will help Britain and France and hurt Germany. "We must make it possible for Great Britain and France to get supplies. \* \* \* We do not need to ask whether this bill is neutral. We only need to know that it's an act of self-defense."

No reading of various utterances of this administration since the sudden shift of the President's Chicago quarantine speech can be interpreted as anything less than that this administration is not neutral and that it intends to help the Allies by measures short of war but more than mere words.

This column has long favored not only lifting the embargo but also freeing American sea-borne commerce from many of the extreme, silly, suicidal, and unstudied restrictions of the Pittman Act.

I depart from the column long enough to remark that I am delighted that there is at least one columnist who is ready to call the existing law by its right name. There has been a strong inclination to refer to it as the Nye-Clark-Bone Act. The truth is that it is the Pittman Act that is now the law of the land. It is not the Nye Act or the Clark Act or the Bone Act that we are seeking the repeal of now. The authors of the present act are seeking its repeal. I return to the article by General Johnson:

But it has done so not because it wants us to take any part in the war, direct or indirect, but because it thinks that selling arms to all comers is strict neutrality, that as a practical matter it will make no difference, because we have few arms to sell, and because it doesn't believe in getting off the earth to any greater extent than is necessary to reduce possible causes for war.

If we are going to bootleg our way into this war by proceeding on Senator AUSTIN's view, we are, in a cowardly, furtive if not dishonest manner, perverting our professions of neutrality, creating a dangerous precedent at international law and a situation from which we could not escape bloody involvement exactly as in 1917, if the war continues and expands.

For if it be true that we must do this as an "act of self-defense" when Hitler is stymied and temporarily stopped in Europe, what must we do if he becomes much more active? More moves "short of war but more than mere words"? There aren't any except war itself.

"Self-defense" is a right to transgress the law under the pressure of ultimate necessity. We have no such necessity. It is a subterfuge to say otherwise. There are only two conditions under international law—neutrality and belligerency. Each carries a separate group of rights and obligations. You can't be "a little bit belligerent" and claim the rights of a neutral any more than you can be only "a little bit neutral" and not give cause for war or at least reprisal. You can't and still be honest.

At least Senator AUSTIN makes an issue. When this administration first began its bias it was all on the ground of "backing up the democracies." Hitler was not then a menace. In view of some of the proposed bedfellows, which were among the world's worst dictatorships, that ground began to stink too much to stand on.

General Johnson continues:

Now the whole emphasis has been shifted to Senator AUSTIN's stark proposal. We must get in for "self-defense" because Hitler threatens us. If that were remotely true, we ought to go in tomorrow—not on any such powder-puff assault as this but with horse, foot, and guns.

It is not true at all. It is the most ill-informed, half-baked, blatant, dangerous, and insupportable demagoguery. If we prepare, as we intend, Hitler could not threaten this country—win, lose, or draw in Europe. The "schmuss" that he could has the support of no recognized independent military or naval authority. It would not stand debate in any competent forum.

It is exactly the soapy sophistry that pulled us into the World War and almost ruined us. Senator AUSTIN certainly could not qualify on education and experience to advise this country on any self-generated dogmatic conclusion on so fateful a decision as that. If it is so, then—since it may become the very lodestar of our war policy—let somebody argue, debate, and prove it on the

known facts and reasonable probabilities of war. Let's not abandon neutrality on Senator AUSTIN's mere hunch. (The Washington Daily News, October 12, 1939.)

Ever since the famous "quarantine" speech of the President in Chicago, October 5, 1937, the Executive's foreign policy has been based on three assumptions. These have never been stated entirely openly, but they have been repeated in full implication in the many statements of the President and his aides since that time.

First. The first is that the best way for this country to keep out of war was to prevent war from breaking out in the world.

Second. The way to accomplish this was by lining the United States upon the side of the so-called peace-loving nations and against the aggressor nations.

Third. The best way to support the peace-loving nations was to repeal the arms embargo, opening our markets and our munitions factories to Great Britain and France.

Whether or not these assumptions were sound before the outbreak of war, they are no longer applicable today, for with the coming of war they were wiped out. We can no longer prevent what has happened. We can no longer pretend that supporting one side will keep us out. There is left only one final assumption, which from the very beginning has underlain all the others. That is the basic assumption that our own vital interests compel the United States to support Great Britain and France.

Evidence of this basic assumption is found in the record of the present Executive's foreign policy as far back as October 5, 1937. It was implied in the famous National Press Club speech of Secretary Hull on March 17, 1938. It was manifested in the President's statement on April 18, 1938, regarding the Anglo-Italian agreement, when he said that the United States Government viewed that accord with sympathetic interest. That seemed a strange statement in view of the fact that we had considered Italy an aggressor as against Ethiopia. It was dramatized for the public in the conflicting reports which came out of the famous conference of the Senate Military Affairs Committee with the President at the Executive Offices in January 1939. It underlay the request of the President for repeal of the arms-embargo provision of our neutrality legislation.

However, we now have difficulty in knowing whom we are for, and whom we are against, when we decide to be partisans of England. How can we evolve a logical pattern from the fast-moving and confusing events in Europe? For example, we read that England cannot make peace with Germany because Germany invaded and partitioned Poland. But Russia, too, invaded Poland and took a large slice of that unfortunate country. On October 3, 1939, Prime Minister Chamberlain told the House of Commons that—

\* \* \* An economic agreement between Germany and Russia is foreshadowed under which Russia will supply raw materials to Germany and Germany will supply industrial goods produced over a lengthy period \* \* \*. (New York Times, October 4, 1939.)

On October 8 it was announced from Moscow that Germany and Russia had agreed to work out a program of economic cooperation "at a rapid pace and on a large scale." A Soviet communique announced that—

In particular, agreement was reached that the U. S. S. R. should immediately begin supplying Germany raw materials and Germany should begin filling orders for the U. S. S. R. (New York Times, October 9, 1939.)

How amusing, Mr. President! Only yesterday the New York Times reported the conclusion of a trade agreement between England and Russia whereby Russian timber would be exchanged for Britain's rubber and tin.

One cannot help wondering, in the present paradoxical situation in Europe, whether that British rubber going to Russia will not turn up as rubber tires on German airplanes or German armored cars. There is nothing at all to prevent such an occurrence.

Mr. LUNDEEN. Mr. President, will the able Senator yield? The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Minnesota?

Mr. NYE. I yield to the Senator.



Mr. LUNDEEN. In that connection the press recently reported that both Great Britain and Germany were supplying Rumania with war planes. That seems to be along the same line as the newspaper statement to which the Senator has just referred.

Mr. NYE. I have not noticed that particular information, but it would not surprise me at all if it were true.

Mr. LUNDEEN. It is so reported in the press.

Mr. NYE. Mr. President, I cannot feel that it is to the national interest of the United States to mix into this conflict in Europe, the underlying causes and ramifications of which we do not understand, and the solution of which we cannot hope to find through a devastating war.

I heartily agree with the Senator from Wisconsin [Mr. LA FOLLETTE] that it is in the best interest of this Nation to work out its destiny in the Western Hemisphere where our genius, our ideals, and our devotion to democracy have a real chance.

At this point, Mr. President, remembering the splendid presentation made only day before yesterday by the Senator from Missouri [Mr. CLARK], I desire to add my most hearty endorsement of the proposal the Senator then laid down on this floor, to this effect:

That this Congress do not adjourn before it has established a joint committee of representative leaders of the various schools of thought on foreign policy in the Senate and House, to be joined by administration representatives for the State, Commerce, Justice, and Treasury Departments, for permanent consultation on this Nation's acts and policies, to meet the emergencies of the war in Europe.

I consider this fundamental if we are to bridge the perpetual gap between the legislative and the executive departments of the Government in the important field of foreign affairs.

It is my purpose now to establish that the cash-and-carry proposal in its present form is not enough to keep the Nation out of war; that we, therefore, should not only keep the arms embargo but should also adopt restrictions to hold our trade with belligerents down to its peacetime normal basis.

Several amendments will be proposed to the cash-and-carry part of the joint resolution to make it really effective. One of them would tend to hold war trade down to normal, to prevent a war boom of any and all materials from swamping us, and then leaving us scared, afraid to let go of the bear's tail. I, for one, feel so strongly about the influence of war trade that I think it would be better for us to stop all trading with belligerents rather than run the risk of being dragged into war by the bear whose tail we are now grabbing. I realize, however, that I am in a minority in that position; that we must be realistic; and that an amendment to prevent us from getting enmeshed in a war boom, on the other hand, will have wide support from the country, and in Congress. If we cannot have the extremest kind of protection, let us have what is next best, whatever is available.

At one stage, back in 1935 and 1936, there was evidence which warranted a hope that we might accomplish the adoption into law of a provision that would undertake to hold our trade during other peoples' wars to a normal peacetime basis. President Roosevelt had put his influence behind this effort at that time. On January 3, 1936, in his annual message to Congress, he spoke of this normal-trade idea in the following language:

As a consistent part of a clear policy, the United States is following a twofold neutrality toward any and all nations which engage in wars that are not of immediate concern to the Americas. First, we decline to encourage the prosecution of war by permitting belligerents to obtain arms, ammunition, or implements of war from the United States.

I am quoting the President of the United States.

Second, we seek to discourage the use by belligerent nations of any and all American products calculated to facilitate the prosecution of a war in quantities over and above our normal exports of them in time of peace.

I trust that these objectives thus clearly and unequivocally stated will be carried forward by cooperation between this Congress and the President.

The United States can play but one role: Through a well-ordered neutrality to do naught to encourage the contest.

That is not ancient language by the Executive. That language was embodied in a message sent to the Congress on January 3, 1936.

Yet today his is one of the voices raised asking for repeal of a considerable part of that program, which was doing what in 1936 he was praising.

In light of the circumstances, I desire to point out, first, what a huge war trade does to a nation's foreign policy, and, second, to show that the proposed cash-and-carry measure is inadequate to protect us from the effect of such a trade on our foreign policy; third, I wish to demonstrate that not only must the cash and carry be amended for the good of America's own economy, but that the arms embargo should be retained as a limitation on the war trade and on a war boom, as well as an evidence to the world that we are not going to take sides all over the face of this earth wherever and however we can take sides.

It has been rather casually suggested of late that the issue pending before us might come down to a choice as between two things, adoption of the cash-and-carry program to cover all commodities, including arms and implements of war, or the existing law with the arms embargo and no cash and carry. The question is asked, What will you do if that is left as your choice? There is no hesitancy on my part in determining what I shall do and what I believe the Senate should do. As between the arms embargo and the cash-and-carry plan, if we cannot have a cash-and-carry plan to cover only those commodities not covered by the embargo, by all means, Mr. President, let us hang to the embargo even without cash and carry. But I am very hopeful that we will be able to accomplish both before we are done with the consideration of this matter.

In the demonstration I shall afford here this afternoon I am sure it will be made clear, oh, so clear, that we need not have the fear that is being expressed concerning the live danger of commerce in other than munitions dragging us into war. I think we should have it protected. I think we owe it to ourselves to afford the larger security. But it is not nearly so essential as is the maintenance of an embargo which strictly forbids the exportation of arms, ammunition, and implements of war to nations at war.

There is one thing I should like to say in the strongest language. The people of the world consider the arms traffic a dirty traffic. It is that, just that. But, more important, they consider it an inhumane and un-Christian traffic; they consider the huge sums of money made out of it, out of the killing that goes with it, blood money. The people may be wrong in their ideas; it may be a fine, humanitarian and outstandingly Christian traffic. I do not wish to argue that point at this moment. I simply wish to call attention to what people think about it. Let me suggest that if in later years we should be fighting some power—say Italy—because of some South American dispute, and England chose to have no embargo on arms, but chose instead to furnish arms to Italy for use against us, how unlikely it would be that the American people would say that that traffic was fine, humane, and Christian. To put ourselves in the shoes of others is one way of realizing what a disturber to our peace repeal of the embargo and traffic in arms can be.

We all declare a desire to stay out of other peoples' wars. We all vow that we will not be dragged into Europe's war. But it seems to me that some of us choose strange ways to stay out. Some of us, it appears, would stay out by going in, by going in on the economic front—just a little way, of course—a front that is as highly important in the conduct of any war as is the military front.

By reason of some of the considerations pending here in the Senate and the possible acceptance of certain proposals, we place ourselves in the light of a people thoroughly discrediting war, calling it futile and destructive, determined that it is wrong, and that we will steer clear of it. But in the same breath we present a picture of a people who, however much they detest war, are perfectly willing to sell the supplies which we decline to use to others who will use them and call our course neutral, especially if what is bought

of us of these supplies is paid for in 90 days, or promised to be paid for in 90 days.

Look at us. Here we are, proposing that we give actual assistance to the carrying on of a war, and magnifying the evil of war. To one side engaged in the European conflict we would sell guns, powder, and shells to be used upon boys who had absolutely nothing to do with bringing on whatever degree of war may exist in Europe today. Here we are, an accomplice to the murderer who can murder more effectively if we will furnish the guns and the bullets with which to murder. It has been pointed out here by another Member of this body that a murderer with a gun but no shells may ask us to furnish the shells, and the Senate asks, "Do we escape the position of an accessory after the murder has been committed, even though we never touched the gun?"

We cannot enter into Europe's war to the extent that is proposed in the pending measure without being in that war. If we pass the joint resolution now before the Senate, we have no right to pretend neutrality. We have no right to plead "not guilty" when accused of being a party to that European war. It should not be difficult for us to see what is going to be the reaction—an honest and just reaction—on the part of some peoples in this world if we permit the action here proposed to be taken. We should hold fast to the position we enjoy right now and hold ourselves in readiness to be of real constructive service to other portions of the world when they will need the service of a people and a leadership to accomplish readjustment on a basis that at least promises a prospect of a long period free from the retarding, destructive, heartbreaking thing called war.

Today the German people are not without respect for the office of the President of the United States. Today it is even possible for the nations of the world to call him in to do what may later be impossible—mediate the conflict. They have not called him in. They may not do so. All I wish to point out is that at this moment it is possible for the President of the United States to have an influence for peace in the world which we will be taking away from him if we vote to go into the business of making money out of the wholesale traffic in death to one side in Europe's war.

Today the President might well say, for example, if he should accept an offer to mediate, that the peoples of the world will never be reassured by Germany's promises until there is a complete change of administration inside Germany. Today a great part of the German people would listen to such words with some respect. But as soon as our President is the head of a country which has, in spite of all the precedents of the last war, chosen sides, has changed its foreign policy to aid the supposed enemies of the German people, then the people of Germany will think of him, when he makes such an observation, simply as the head of a dollar-mad nation which would sink precedent and law and humanity for some "fool's gold." They will consider him but one of the gang of defenders of the older imperial systems of the world.

The German people, however, not the present German rulers, are the important ones. It is with them that the post-war peace will be made. America will lose her great power and place for peace in the world as soon as she goes in for changing her law to make a little additional profit. If, after repeal of the embargo, the President should make that comment about the necessity for a change of administration in Germany, the German people could readily be convinced the comment was made simply because this profit-mad nation wanted the war to go on and on. After such repeal, America may talk—her President may talk—from that time on about noble motives, humanitarian impulses, and Christian morality; but from the moment the arms-embargo law is repealed, in the middle of a war, such talk will not count in the world as it would if the embargo were not repealed.

Again, British diplomats will think we are coming in and pay little attention to our claims, and the German people, bombed by bombs made in America, will feel that noble words from these shores are a swindle, as we unfortunately know they thought the 14 points became a swindle. The motives were high, but noble motives can be seriously compromised.

Nor do I believe that we are making any great friendships on the other side by sending them arms, for which they will pay dearly out of the heavy taxes imposed upon them. I think the French and English will argue, "The Americans, by reversing their World War stand that neutrality laws could not be changed in the middle of the war, are obviously taking our side." Then they will convince themselves further by reading that President Roosevelt in 1936 called the money in war trade "fool's gold" and now asks plaintively that our workers get the chance of finishing into munitions here unfinished war materials, instead of sending them abroad in their raw state.

"Ah," they will say, "the Yankees are taking sides with us because we are fighting their war for them, but they are making us pay them for the weapons with which to fight their war for them, the Shylocks. Think of that. We are fighting their war and they make us pay for the munitions."

After a year or so of that, the people of the European powers which we are inclined to help will be led by a skillful diplomacy and a censored or subservient press into agitating that we give them the weapons. The diplomatic language is "extend credit for," but we know now that no money is going to be repaid after the end of another war.

How much of the present debt of twelve or thirteen billion dollars owing us by our Allies of another day was once upon a time represented by 90-day credits? It would be interesting to know and it may be known before the debate is over.

After a year or so of that we may know what to expect, and then, since there will seem to them so little difference between supplying the arms and supplying the men to use the arms, they will not only be angry that we charged them at first for the arms, but that we were so late, so slow, in getting our soldiers over there to use the arms.

Mr. CONNALLY rose.

Mr. NYE. One moment, please. To close our eyes to the experiences of 20 and 25 years ago and say we are not taking a dangerous course when we repeal the arms embargo is to be blind, indeed.

I now yield to the Senator from Texas.

Mr. CONNALLY. I thank the Senator, but I do not care to have him yield at this time.

Mr. NYE. Mr. President, make no mistake about it. So far as being a force for peace in the world is concerned, we lose that position when, if, and as this embargo is repealed. The Senate will see from the account I wish to put before it this afternoon that our shipments of arms were actually once used by the British to answer our claims as to our neutral rights; that the arms traffic and the war trade generally helped to ruin and dissolve our impartiality as completely as if it had been dipped into an acid bath.

Before recounting the way in which our war trade and arms traffic helped to ruin our chances for staying out of the last war, into which many, including such sincere colleagues as the Senator from Texas [Mr. CONNALLY], the Senator from Nevada [Mr. PITTMAN], and the Senator from New York [Mr. WAGNER] have said "we were dragged," I issue two specific challenges to the supporters of embargo repeal and to the supporters of an unlimited war boom, that is, the supporters of the present cash-and-carry proposal.

My first challenge is: Call the 50 leading industrialists of this country to appear before one of our committees, in the morning before we are in session in the Senate, and in the evening after we have closed our session, and ask them one simple question, Is the unlimited war boom allowed in the present cash-and-carry measure a good thing for our Nation? Ask them that one question. Call Stettinius, call Ford, call du Pont, call Grace, call Gifford, call Young, call Weir, call Knutson, call Dennison—call whomever the Senate considers the leading 50 industrialists of the country and ask them, "Is the unlimited war boom allowed in the present cash-and-carry bill a good thing for our national life?"

This is my first challenge. I dare its acceptance. I dare the Senate to try to find 10 among the 50 who will wish to repeat the experience of the last war boom.



My second challenge follows the first. After you have heard from the leading 50 industrialists in the Nation, I will then ask you to call all the members of the President's Cabinet before this committee of the Senate and ask them to show in what respect and why the industrialists are wrong in opposing the war boom allowed in the cash-and-carry plan, as it now stands, unamended to limit the war boom to the 1936-38 level.

I ask you to call Secretary Wallace, Secretary Ickes, and all the others, and ask them to reply to the same question, in the light of the testimony of our leaders of industry. The question is simply, Is the unlimited war boom allowed in the present cash-and-carry bill a good thing for our national life? They can then tell us in what respect and why the leaders of industry are wrong.

I do not believe you will accept this challenge, for you might possibly find that there would not be one member of the President's Cabinet who would say that such an unlimited war boom would be a good thing for our economy, for our Nation's real good.

We do not need to suspend our debate to secure this evidence. We can take their testimony conveniently, that of both groups, under oath, in the mornings from 9 to 12 and in the evenings from 7 to 11. We can even complete it within 1 week.

I should be glad to have any supporter of repeal of the arms embargo and of the unlimited war boom allowed by this measure before us give the American people any good reason why these two challenges should not be accepted.

I believe the responsible leaders of industry, and the responsible members of the Cabinet would, under oath, repudiate the endeavor expressed in this measure to regain our prosperity by tying it to the coattails of that most uncertain time element in the world, a European war; that they would repudiate the theory that any sound prosperity can be built upon the sands of wholesale murder.

My point is that the cash-and-carry proposal as it now stands does not prevent a war boom; that it should be amended to hold trade down to normal, and that the arms embargo is, by itself, a way to hold one particular branch of the war boom down, for reasons particular to itself, having to do with our influence for peace.

I now wish to explain that, regardless of the danger of a war boom to our own economy—high prices, high cost of living, the overexpansion of industry, and a later deflation—war trade also has a tremendous influence, and an influence of importance, on our foreign policy.

I am surprised at the easy manner in which distinguished Senators are able to toss off the influence of an almost \$2,000,000,000 trade in the arms traffic to England and France during the war. There is a strong tendency to minimize the importance of that arms traffic. Senators may try to do so, but the record of its importance from 1915-17 stands and cannot be controverted. On the basis of figures from the export department of J. P. Morgan & Co., the financial and commercial agency for England and France during the last war, the Senate Munitions Committee compiled figures on the arms trade and its relation to the rest of our wartime trade with England and France. These arms exports have been carefully checked by categories, against the categories of arms, ammunitions, and implements of war announced in the Department of State's proclamation of September 5, 1939, the categories now covered by the arms embargo.

The exports of arms, ammunition, and implements of war materials clearly included in the present arms embargo categories to England for the years 1915 through 1917 amounted to at least 22 percent of the total export trade from the United States to England, and 14 percent of the total exports from the United States to France. These were the munitions exports handled through J. P. Morgan & Co. alone, and do not include any other arms shipped through other agencies, or even any Morgan shipments difficult to classify under the present arms-embargo categories.

The dollar value of the arms, ammunition, and implements of war exported to England through J. P. Morgan & Co. was

nearly one and one-half billion dollars. For France it was approximately \$325,000,000.

There is far too much will to discount the relationship of a business and trade in munitions with nations at war, and our being dragged into war. There is too much will flagrantly to ignore how easy are the steps to war after the first step is taken. There has been too much apparent will to becloud the real issue presented to the Senate; too much will to substitute something for the arms embargo instead of supplementing the arms embargo with other things which would further strengthen American ability to stay out of the thing which might be the complete destruction of every civilization that participates in it.

Let there no longer be any mistake about the purport of House Joint Resolution 306, now pending before us. That joint resolution on its page No. 1 declares it to be the Neutrality Act of 1939. More and more is it being acknowledged that the proposed act is not a neutrality act, but an act to aid one side engaged in a European war. However much I may disagree with the propriety or even the need for such a step, I cannot do other than respect those of my colleagues who are plainly stating their reason for supporting the proposed measure as growing out of a desire to aid one side engaged in the European war. Perhaps there is right to hope that before this debate has ended it will be generally acknowledged that the pending measure is not a neutrality act, that instead it is a proposal to repeal what is neutrality upon our statute books today and write in its place laws which will help our country give aid to one side engaged in Europe's war.

Whatever may be the weaknesses of the existing neutrality act, it does nevertheless embody features which are definitely working to the accomplishment of that purpose, about which we were quite unanimous when enacting the law—the purpose of helping the United States keep out of wars when they come in other parts of the world. But now that the circumstances which the law contemplated have arisen; now, after the threat to American peace has come; now that war abroad has really begun, some of those who were most ardent in their support of the neutrality law wish to accomplish its repeal, and particularly the repeal of the feature of the law which has more honest and pure neutrality about it than any other part of the law.

I speak now of the arms embargo. That embargo was a declaration to all the world, while it was at peace, that whatever nations in the future might go to war, without respect to which side nations might be on, we would not be the arsenal for any nation or group of nations engaging in war. Every country on the earth had notice as far back as 1935 that it need not look to us as a supply depot if it went to war. What could possibly be done that would constitute a higher degree of honest neutrality than that kind of declaration? But now that the condition which the law was intended to meet has arisen, there comes the burning appeal to do away with the law, to supply one side engaged in the war, and the plea that to do so will not in any degree jeopardize the peace of the American people.

#### FINANCIAL AND INDUSTRIAL INVOLVEMENTS

I intend to discuss the financial and industrial consequences of the passage of the joint resolution. The necessity for such a discussion is obvious. The proponents of the joint resolution assure the country that it will avoid any involvement of the United States, financial or otherwise, with the allied cause. They assure us that under it nothing—or, at least, practically nothing—can be done that will drag us into the war. I propose to show how grievously wrong they are.

I have heard Senators argue that nothing in the way of danger can grow out of an abandonment of the arms embargo. To see and acknowledge that there are men entertaining that thought is to see and acknowledge that there are men who do not know what the sale of American munitions to nations engaged in war in 1914, 1915, and 1916 did for a country which at that time was as highly resolved to stay out of war as this country is now resolved to stay out of war. Why fool ourselves, as we then fooled ourselves, into believing

that we can get on to the road that was traveled starting in 1914 and still stay out of war?

DEFINITION OF THE ISSUE IN THE PRACTICAL SITUATION

To begin with, it is interesting to note that the proponents of the joint resolution are almost entirely silent concerning how the measure will avoid our involvement. In preference to reasons, they rely on emphatic reiteration. The President himself, in his message to Congress, was content to rest his entire case in this vital particular upon the undemonstrated assurance that the present law would embroil us in the war, and that the proposed law would avoid involvement.

Other proponents appear unable or unwilling to understand—and certainly to state publicly—that the reasons for passing cash-and-carry provisions are not reasons for repealing the embargo.

The only reasons I have seen offered in support of the extraordinary assumption that repeal of the embargo—regardless of cash and carry—will help preserve our neutrality, is this: It is said that if we fail to repeal the arms embargo Germany may defeat England, and that would be likely to involve us, while if we repeal the embargo England, thus helped, can defeat Germany. There is no question, of course, about repeal not being designed to help England.

There are three vital defects in this reason for the embargo repeal, which is the only consistent reason yet offered in support of the President's statement that repeal will help preserve our neutrality. Three unproved assumptions are smuggled into this proposition. The first defect is the failure to answer the question: If our supplies alone are not enough to help England win, what will happen then? The second defect is that it subtly smuggles in an unwarranted assumption which runs throughout much of the debate. That is the assumption that the outcome of the war must be complete defeat for one side or the other. Yet, of course, wars do not necessarily have to be fought to that ultimate bitter choice. This war, like many in the past, may be ended in a stalemate, not in victory for either side.

I suppose it is an awful thought to entertain, an awful thought to give expression to; but I find myself thinking so many times how much more fortunate the world might be today had America stayed out of the war in 1917, and had those engaged in war in Europe fought their war to complete exhaustion on both sides, an exhaustion that would have permitted neither side to dictate the iron-heel kind of treaty that was written at Versailles when the war was over. Is it an awful thing to express the wish that that might have been the case? In the light of what we now know to be the factors contributing to Europe's troubles we should be ready to acknowledge that those troubles might be a minus quantity today; for true it is that if there be upon the earth any people responsible for Hitlerism, they are the English people and the French people, whose leaders at Versailles wrote that kind of a treaty, never for a minute conceding that there were injustices within it which ought to be corrected if they would avoid repetition of that experience. No; I am not so sure that we need think it is an awful thing to express now the wish that they might have been permitted to fight to exhaustion in 1917, 1918, 1919, and perhaps 1920 and 1921—much better that, and the peace that could have been, than the kind of decision that was reached, the kind of treaty which was written, bringing us down to date, 1939, with Europe "all messed up" again over the same old issues that were then involved. Those issues were not democracy.

Mr. LUNDEEN. Mr. President—

The PRESIDING OFFICER (Mr. CHANDLER in the chair). Does the Senator from North Dakota yield to the Senator from Minnesota?

Mr. NYE. I gladly yield.

Mr. LUNDEEN. Was it not Winston Churchill who said that our entry into the World War cost Great Britain and France a million lives and brought on misery and conditions which are now leading into a second World War? We were rather astonished at that statement.

The very able Senator from North Dakota has pointed out that the inevitable result of the Versailles Treaty was

just the condition which we face today—dictators throughout the world. Those who thought we could save the world have perhaps learned by this time that all we did was to meddle in something we did not know anything about and that our internationalists became somewhat confused. After going into the war they finally backed out of the Versailles Treaty right here on the Senate floor—the President one way and the Senate the other way—and then there came the battle on the League of Nations and on the World Court, all ending in one great confusion.

Now, after all these lessons, we are to venture again, first, with arms and ammunition—"cash on the barrel head," it is said, but where is the cash? It is credit; then billions of dollars of credit, and then, after that, when Britain and France are beaten to their knees—and it is very probable with the great land powers now allied against them they will be, in spite of Mr. Hoover's statement—then will come the Macedonian cry for help, and then we will be asked to send our best blood, our fine American lads to die on the battlefields of Europe for victory—for what? Just more intrigue, more foreign influence, power politics, and adventure. The deeper we get into it the more I think we need to read the Farewell Address of George Washington, the statements of Thomas Jefferson, and to consider the statesmanship of Jackson, of Clay, of Webster, and Calhoun and other stellar men who stood in the high places in this land in a marvelous era and great age. We who are here now might well consult their writings and their speeches and consider the position they took lest we go astray and into bypaths and into tangents that lead off from the great highway on which America has traveled to greatness and glory.

Mr. NYE. Mr. President, I thank the Senator for his observation.

Coming back again to the point I was making relative to the assumption that the repeal of the embargo would help serve and preserve the neutrality of the United States, I had spoken of two defects in that assumption. There is a third one. The third defect is that we must, as a matter of course, seemingly in all circumstances, at all costs, and without study or thought, defend the British Empire against defeat. That is the assumption. That may appeal to the emotions of many of us, but as a national program it requires more thought than is being given it here. It is not a program to adopt, by inference, in what is described and understood by the country to be a neutrality bill.

This matter has a bearing of very great importance upon the possibility of our own industrial and financial involvement, because the demands that will be made upon us, the future crisis in our relation with Germany and England, will all be determined by the ultimate war outcome sought by the belligerent governments.

At the very start, therefore, it is important to note that the publicists for the President's course have made a fundamental mistake in their analysis of the foreign situation. Perhaps the third assumption, that we must defend Great Britain, need not be discussed at all because it may not be at all involved in the question. The publicists, of course, tell us repeatedly that we must raise the arms embargo to help England from having to submit to military defeat by Germany. So the publicists tell us, and so, no doubt, many believe; but this may not be so—I am not in entire agreement with the Senator from Minnesota—it is not necessarily so. On the contrary perhaps we are being asked to raise this embargo for a different reason, in fact for the very converse reason; it may be that we are asked to help England inflict military defeat upon Germany—and there is a slight difference in the meaning. That is a task so much vaster than defending herself against Germany that she is probably unable, and anyway unwilling, to try it without our backing. The pending joint resolution in effect would tend to give her the needed assurances of at least a degree of backing.

Matters of this nature can never be known with the positive assurance of a mathematical fact. We are forced always to employ judgments in these fields. But the opinion of any competent and unbiased person swings in this direction. We have former President Hoover's careful analysis,



based on his many years' experience with the economic ramifications of military problems. The military situation itself has been thoroughly described by many writers of every degree of competence.

Mr. President, I ask unanimous consent to have printed, following my remarks, an article appearing under date of October 3 in an Associated Press dispatch under the heading "Defeat of Allies impossible, Herbert Hoover declares."

The PRESIDING OFFICER. Is there objection? None is heard, and the order is made.

The article referred to is as follows:

**DEFEAT OF ALLIES IMPOSSIBLE, HERBERT HOOVER DECLARES—NO NEED FOR UNITED STATES TO GET INTO WAR, HE SAYS, URGING COMMON-SENSE VIEW**

NEW YORK, October 3.—Herbert Hoover expressed the belief, in an interview with Roy W. Howard, published today, that the defeat of Great Britain and France is impossible.

"If one surveys the whole front—sea, land, air, and economic resources—I am convinced the Allies can defend their Empires," the former President said. "The end may be victory for them. At worst it might be stalemate. I do not see any possibility that they can be defeated."

The interview, published in the New York World-Telegram, of which Mr. Howard is editor, was based on an expression by the editor himself that "a dangerous emotionalism is diluting American reasoning; that the idea is spreading rapidly in certain sections of this country that France and England are facing defeat and that in order to avoid catastrophe to civilization and to save ourselves the United States must sooner or later enter the European war."

The former President, who saw the World War at close hand as head of the Belgian Commission, American Food Administrator, member of the War Council and of the War Trade Board, responded:

"It is true there is the utmost danger in wartimes of emotions overwhelming common sense. The most regrettable thing that could happen to us would be the building up of a war party in the United States. But the premise of the ideas you mention is wrong. The war is only a month old. But the major factors are already emerging. The British and French can, and will, control the seven seas despite submarines and airplanes, and can sit there until their enemies are exhausted.

"By their sea power the Allies can protect England and all the outlying possessions of both Empires from invasion. Their manpower can defend France unless they blunder into taking wild adventures in military offensives and exhaust their manpower.

"Aerial warfare may be destructive, but that works both ways, and, so far as all experience goes, is not conclusive of any war.

"On the sea," Mr. Hoover continued in the interview, "the British and French have naval strength of about 2,500,000 tons against Germany's about 500,000 tons. Russia, even if she comes in, which is improbable, has a negligible navy. Italy has about 600,000 tons.

"German shipping is already driven off the seven seas in 30 days. Italy would have the same fate if she joined in, which at the present time appears also improbable. I am confident that our naval experts will confirm that this dominance of sea power may be damaged but cannot be destroyed by aircraft.

"The submarine may be troublesome, but there has been great progress in methods of detecting submarines since the last war, and this type of warfare is less dangerous than formerly. Even in the last war it had no major effect upon naval command of the seas.

"The losses of merchant shipping in the first month are much less than in the first month after the intensive submarine attack began in the last war. The Allies may have lost perhaps 200,000 tons of merchant ships. They have 20,000,000 tons left and can hire more. They cannot be starved out of either food or materials by any combination of European powers. The enemy, whether it be Germany, or even Italy, or even Russia, must cross the seas to invade with troops either England or the British or French possessions in Africa, India, Australia, or the Western Hemisphere. Allied sea power will stop that.

"On the military front the sole point of attack is on continental France. France is protected by very much more powerful fortifications and armies than in 1914. I am confident our military experts will confirm that it takes two or three times as many men on the part of attack to overcome the manpower behind modern fortifications such as those which surround France. The French Army is the best in the world.

"Germany has a population of about 80,000,000 Germans from which to draw manpower. The allied empires have about 115,000,000 white population and 30,000,000 more of fighting races which they can draw upon to protect France.

"And their possessions contain another 450,000,000 people that can aid in food, raw material, and munitions production. The Allies can put more men on the front and support them better than the Germans.

"In view of events, Russia and Italy must also be considered in this army picture. While the entry of Italy with a population of 41,000,000 is highly improbable, even in such event the allied manpower on defense is still superior. I do not include Russian manpower, because I am convinced that Russian troops are most unlikely ever to reach the western front.

#### AIR SUPERIORITY IN DOUBT

"That is inhibited by transportation difficulties, shortages of materials, internal weakness, a lack of any national purpose for the Russians, together with the risks to the Germans of such a guest. Those who think Russia might effectively invade India know little of that reality."

As to Germany's air power, Mr. Hoover was quoted as saying, "Nobody knows whether it is superior or not."

"No doubt the most indeterminate phase of this war so far is the effect of the improved aircraft—the air front. If we assume the superiority of Germany, which is not certain, even supported by other air fleets, yet again in the defense there is the offset to superior numbers by the improved antiaircraft guns and other ground protections. \* \* \* All experience to date shows air attacks can have no conclusive effect on the capture of a country. That comes from invasion of troops alone.

"Sea power and ample manpower to defend France would have won the World War without help from the United States if the Allies had not thrown their manpower away in futile capture of trenches and in blundering military adventures. It is not to be expected that they will repeat these blunders.

#### GERMANY ON BREAD CARDS

"The economic front is as vital in this war as in the last war. In foodstuffs Germany starts the war on bread cards. Nobody can store very much food for long. Germany can obtain some breadstuffs and some meat from Poland, Russia, and central European countries. Czechoslovakia and Austria add to her food problems rather than diminish them. \* \* \* The Germans can no doubt meagerly sustain public health, but at a long distance from the comfortable food standards of the allied countries.

"The French are practically self-supporting in food. The British Empire has enormously increased its food production since the Great War. That enables England to obtain most of her supplies from within her own dominions.

"\* \* \* We need to keep cool. After all, we must keep out of this war. We would be yielding the last stand of democracy if we go in, win or lose \* \* \*"

Mr. NYE. Mr. President, raising the embargo is a long-term proposition. Before we can ship important quantities of war materials we will have to manufacture them, which takes time. And before we can even start manufacturing them on a large scale we will have to convert many ordinary factories into munitions plants, and that takes even more time.

There has been a great deal of loose talk about available airplane shipments.

I think the Wall Street Journal is likely to be a rather better authority on such industrial questions than word of mouth and rumor. I shall repeat only a few of the words from the Wall Street Journal which the Senator from Wisconsin [Mr. LA FOLLETTE] offered for the RECORD yesterday. Here is the Journal's article, in part, of September 8, 1939, describing the situation of the American aircraft factories:

The current backlog is composed of roughly \$80,000,000 of unfilled foreign orders, a small amount of commercial business, while the greater portion represents orders for the United States Army and Navy. Army contracts under the new aircraft-expansion program specify delivery by June 30, 1941. It is apparent, then, that work on these orders cannot be delayed much in preference to foreign orders without endangering fulfillment of contractual delivery date and causing the liquidated-damages clause of the contract to apply. In view of these factors, it is apparent there will be need for additional productive facilities in event that prospective new business becomes an actuality.

Considerable time would be required by some companies in order to build up personnel and tool up for capacity production. It is probable that current backlog represents nearly capacity output for the industry over the next 10 or 11 months at least.

It is true that there are planes waiting at our ports to be shipped the moment the embargo is repealed; but there are no such sky-darkening armadas as enthusiasm pictures—and there will be no decision of the issue of this war on the basis of the planes now ready for delivery.

No; with planes as with everything else, embargo repeal is a long-term proposition.

We are therefore being asked to underwrite a long war, with all the ghastly losses and destructions that go with a long war. And what interest of ours is to be served by a long war—social degeneration throughout the West, military dictatorship, almost certain American involvement, endless casualty lists, and at the end a prostrate world and an iron-heeled peace? Are these our objectives?

When and under what terms the present warring governments decide to make peace is none of our affair, but for us

to underwrite their continuing it to a problematical and costly victory and an utterly unknown peace treaty—that is our affair.

Mr. LUNDEEN. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Minnesota?

Mr. NYE. I yield.

Mr. LUNDEEN. The Senator seems to imply, by his references to our underwriting the European war, that we would finance that war, perhaps, as we did the last one. Is that what we are to understand?

Mr. NYE. That is what I have been trying to say.

Mr. LUNDEEN. If we are to finance this long-drawn-out war, can our financial structure stand that great pressure?

Mr. NYE. I am going to undertake, from this point on, to demonstrate how our financial structure was strained and almost broken by our endeavor back in 1915 to keep up with the pace that Europe's war was setting for us in an economic way.

Mr. LUNDEEN. I should like to say, with the Senator's permission, that American business may find itself taxed down to the level of the sidewalks where others walk. This war-taxation structure may be reared to oppressive heights, leaving us with a debt of more than \$100,000,000,000; and that does not include the after-the-war costs to which President Coolidge referred on November 11, 1928.

In that connection, let us not forget that we have not as yet reached the maximum of debt from the last war.

Mr. NYE. By no means.

Mr. LUNDEEN. The Armistice Day speech of November 11, 1928, of President Coolidge comes into my mind at this time. On that occasion the President said that when the last soldier and the last dependent of a soldier of the World War shall have passed over the horizon, the World War will have cost the United States more than \$100,000,000,000; and I do not think anyone will accuse former President Coolidge of overstatement.

Mr. NYE. I have heard no one undertake to controvert that estimate.

Mr. LUNDEEN. Certainly our participation in this war will more than double the debt we have already incurred, and we shall again be asked to finance these nations. We shall be asked to finance France and to finance the British Empire. We shall be asked not only to carry the burden of fighting the war but to carry the financial burden along with it.

Is that good Americanism? Is it good Americanism to think first of foreign countries? Perhaps it is. I am not constructed along those lines.

Mr. NYE. There are others here besides the Senator from Minnesota who are not so constructed.

Mr. NORRIS. Mr. President—

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Nebraska?

Mr. NYE. I do.

Mr. NORRIS. I am moved to ask a question because of the question just asked and the answer made.

Who is there here who wants to finance the war? Who is there here who wants to send American boys over to fight in the war? Who is there here who does not want the experiences of the last war, and the mistakes we made about it, to serve to keep us out of this one? Are we to believe from the question and the answer that have just gone into the RECORD that everybody who is in favor of repealing the embargo clause wants to send American boys to Europe, wants to loan money to Europe, wants to sell on credit to Europe? Is there any such implication? If not, what is the object of the argument?

Mr. NYE. Mr. President, there is no implication that there is any Member of this body, or any Member of the body at the other end of the Capitol, who wants our action ultimately to take us into that war, to cost us one red cent, to cost us the sacrifice of a single American son, or even of a single American mule. But I say that in the light of experience there may come developments, there may follow steps after this first one that will leave us helpless to do anything

other than take the next step, and the next step, and the next step, and during the next hour I want to demonstrate how easy that route is going to be.

We may sit here in our places or stand at our desks and assert today, "No; we are for repeal of the arms embargo, but we will never give in one inch in the matter of affording the Allies any credit, or affording them any loans. We will never give in one inch if it ever is said to be necessary to repeal the Johnson Act. We will never give in one small part of one inch when it comes to the question of sending our boys abroad to fight." But if we take this first step, and if those against whom the step is taken retaliate, and if some day a shipload of Americans—perhaps on a boat carrying guns or powder or shell—is sunk out here off our own shores by those who are retaliating, does the Senator from Nebraska know, do I know, what I am going to do in that emergency and in that event?

I am trying to make clear this appeal, and I wish I could do so: "America, for Heaven's sake, do not take this first step, because it makes so much easier the next step!"

Mr. NORRIS. Mr. President, if the Senator will permit me—

The PRESIDING OFFICER. Does the Senator from North Dakota continue to yield to the Senator from Nebraska?

Mr. NYE. I yield to the Senator with the greatest pleasure.

Mr. NORRIS. The argument is continually made, in the first place, that our proposed action constitutes a first step, and that it is going to be followed by others that will lead us inevitably into the war. With that contention I do not agree for one moment. I concede that a Senator or an individual has a right to believe that if he wants to believe it; but to say that this is the first step toward getting our country into the war to my mind is making a charge which is without any foundation whatever.

It is said, as the Senator has just stated, that our action will irritate—or words to that effect—one of the combatants. That means Hitler. We are told that he will not like it. Of course he will not. Are we going to stop in our deliberations here and ask him what we shall do? Are we so afraid we shall offend him that we are going to lean backward and be unneutral and thus help him make the fight he is making?

Mr. NYE. Mr. President, I think the Senator from Nebraska goes a long, long way to make that sort of an argument or an appeal count in this particular emergency. If he will be good enough to continue to afford me a hearing during the next hour, or a portion of it, I shall try to show him a thing which I wish with all my heart I might believe he already knows—a thing, I repeat, which makes it very simple to anticipate that if we take the step which is now proposed we shall find it exceedingly easy to take the subsequent steps.

Getting back for just a moment to the matter of trade and building an economy looking to a long-range, a long-time war, men do not start great undertakings without some idea of the goal at the end. What is our goal in this instance? We propose to place our weight in the scales in Europe. We propose by an act of Congress to set in motion a chain of events that is calculated to affect, and will affect, the outcome of the present war. To what end? To what peace treaty? Have the proponents of this joint resolution a rough blue print of the peace treaty they would like to see achieved? I doubt it. And if they have, can they conceive any way to bring it into being, once victory has been attained? Do they imagine they will have the remotest influence upon the terms of a victorious peace?

In 1919 we had an army of 2,000,000 men in Europe. We had as our delegate at the Peace Conference a great war President, moved by the most lofty motives. We got a treaty that the President himself almost refused to sign and that this body refused to ratify. Its evil consequences have stalked the earth disastrously ever since.

What suasion would the proponents of this joint resolution suggest that we try at the next peace conference?

And if the proponents of this measure do not have an idea of the peace terms they want and some means of attaining them, are they not engaging in sheer dangerous adventurism? They are gambling the neutrality of the United States



and the lives of millions of Europeans—and probably Americans, too—that the same powers that wrote the Treaty of Versailles will do a better job next time. Perhaps the proponents just know in their hearts that the creators of the Russian revolution, of the German inflation, of the Balkanization of central Europe, of the Japanese war—yes; even of Hitler himself—that these so wise and virtuous powers will work out a victorious peace so beneficent that it will be worth all the slaughter and destruction required to attain it.

It is absolutely essential in this matter to keep quite distinct in our minds the appalling differences between offensive and defensive warfare. England can very well be far too strong to be conquered and yet be too weak to undertake, herself, to defeat Germany. In fact, I am convinced that that is very close to the situation at the present time, and that in this repeal measure we are being asked to give her the needed additional offensive strength. We are asked to tip the balance of a stalemate. I do not believe that to do so is in the interest of the United States, and I do not believe we can do so without ourselves inevitably entering the war on the side of the Allies—a war again, not to defend England, but to conquer Germany; a war for which we as a nation have no peace terms in mind, and no means of attaining them if we had.

I intend to examine at some lengths the consequences—primarily economic and financial—of our agreeing to furnish this additional offensive strength by repeal of this bill. In doing so I shall draw freely upon our experience during the World War. I do not want to make this a history of World War finance. I am talking only about the present day and the future. But I do find that the past casts a revealing light upon the present. We have in this case an almost unequalled historical parallel and a vast wealth of known facts from which we can estimate, not all, but certainly the major consequences of the repeal of our arms embargo.

**SIMILARITY OF CONDITIONS UNDER PROPOSED BILL WITH UNITED STATES SITUATION, 1914-15**

We are told today that we can open ourselves as an arsenal to England and France and that no evil consequences will flow from it. We opened ourselves as such an arsenal in 1915, and I wish to go into what happened as a result. We can then judge how far similar consequences are likely to occur today.

We are told today that we have in the pending measure an adequate safeguard against any financial involvement with the Allies, an involvement that might later be very embarrassing to our own financial health. We had a financial safeguard in 1914, and I shall discuss what resulted from it, and we can then judge how far similar consequences may be expected today and tomorrow.

We are told that in the proposed cash-and-carry provisions we have a safeguard against destruction of American property, which might be an embroilment to war. We had an almost identical safeguard throughout the World War, and I shall show how it operated, and we can then judge how far we can expect it to work now.

Only in regard to shipping, American and belligerent, do the consequences of this, the pending joint resolution, depart materially from the condition of 1914-15; and, oddly enough, these ship provisions, by mixing good features with bad, may very well so work out as to place us in a more hazardous position than we occupied in the World War. And, of course, the most dangerous of all shipping problems—the use of armed merchantmen—is not even mentioned in the joint resolution.

In any event, the shipping situation is not directly concerned with the problem of financial and industrial involvement. I think, however, we are safe in saying that the ship provisions in and of themselves alone offer us little protection. If the other provisions of the measure do not work the way the proponents say they want them to work, then we cannot rely upon the shipping provisions alone to keep us out of war. I think we can all agree upon that.

**WHAT IS MEANT BY FINANCIAL AND INDUSTRIAL INVOLVEMENT**

Much has been said about our financial and industrial involvement with the allied cause as the underlying reason

for our going into the war in 1917. However, what is meant by this term is not always clear. I have heard men make impassioned speeches to show how impossible is the thought that a great country such as ours could go to war to protect the profits of munitions makers and the risky loans of bankers. I could make such a speech myself. No such thing ever happens. I know of no responsible person who ever said or thought that this country went to war to protect Du Pont's profits or Morgan's loans. That is not the way things happen. They happen a little at a time; and though the consequences of the Nation's actions may be to protect Morgan's loans, that is not their intention. The purpose in each case, in each little national decision on the long road to war, is simply the protection of what appears at the moment to be the national interest. As these decisions follow each other they become more and more difficult to make, of more and more consequence to the Nation, until at last the situation has grown to be one of intolerable national danger. And then we find ourselves in the position of Macbeth, who started something that seemed safe and simple, even if somewhat criminal, and then discovered that he had reached a point where it was more bloody to go back than to go forward.

That is the danger of economic involvement—never crass profits. When industry after industry is operating on war orders, expanding their debts and their plants to fill war orders, when millions of farmers are mortgaging themselves to the hilt to grow food and cotton at war prices, when the British Empire is permitted to assume the terrible risk of a war of conquest on the basis of our supplies—then we have created what I mean by economic involvement. Then each decision we have to make has to be made in that situation, not in indifferent calm. Then any attempt to prevent further and more dangerous involvement creates panic at home and catastrophe abroad. When the living of millions of our people becomes dependent upon war trade with England, and upon her military success, and when England becomes dependent, perhaps for her very life, upon an unbroken stream of supplies from us, then, indeed, we will have reached the place where it is more bloody to go back than to go forward.

We reached that place in the fall of 1916 and the early months of 1917. We arrived at a financial crisis inextricably involved in allied financing, and at the same time we arrived at a crisis with Germany over the issue of armed merchantmen—an issue that, in turn, gave rise to the submarine controversies. All three have been intertwined in the past and they remained intertwined inextricably. But I am interested now in the financial and industrial aspects of that crisis. It was a situation that many men realized in retrospect, as former Premier Tardieu, in his famous remark, that after the Anglo-French loan we were committed, whether we liked it or not, to the success of the allied cause.

Frenchmen and the Englishmen know today that if we repeal the arms embargo we commit ourselves. We did so before. I do not know how we will avoid doing so again.

Mr. LUNDEEN. Mr. President, will the Senator yield?

Mr. NYE. I yield.

Mr. LUNDEEN. During the very time when the loans were being made we were telling the American people that we would remain at peace—that we would keep out of war. During the very time when these loans were being made we were keeping out of war, and we would continue to keep out of war. There was then the same cry we hear today—that we would keep out of war; that no one would vote for war. Yet loans were made which committed us to a policy. Of course, again it is said we will keep out of war, but we are being committed to a policy, and in the future foreign statesmen may be writing paragraphs such as those to which the Senator has been referring.

Mr. NYE. Quite so.

Mr. LUNDEEN. We fought a campaign in 1916 on the slogan "He kept us out of war." Yet I remember that when I was elected to the House of Representatives in that year, and closed my desk at home and came to Washington on the 4th of December, I found this city and the Sixty-fifth Con-

gress a beehive of activity to get the Nation into the war. Yet we had just gotten through telling the American people we would not get into the war; that we would stay out of it. But it was nothing but camouflage, and I fear the same sort of camouflage today.

Mr. NYE. Mr. President, I am not ready to agree with the Senator that it was camouflage altogether. I think there was a large degree of sincerity on the part of the American people and on the part of American officials up to the last few months of our neutrality. Until just before we went to war I believe there was honest, sincere conviction that we were practicing neutrality; that we would stay out of the war. There was definitely a conviction that we would not be drawn into it. But our determination then was only as strong as the determination that is being expressed today. Not one bit stronger is that being expressed today than was the determination of 25 years ago.

Mr. LUNDEEN. If the Senator will permit me again, I agree with the Senator so far as the American people were concerned, but not so far as some of our officials were concerned, those who went to the French Government and told them that if the French would hold out at a time when France was ready to make peace, they would see that the American people got into the war.

Mr. NYE. I will have to agree with the Senator to that extent.

Mr. President, I return to the line of reasoning which the French Premier used, that after the Anglo-French loan we Americans were committed, whether we liked it or not, to the success of the allied cause. I say now that if we repeal the arms embargo, committing ourselves, as we would very obviously, to the cause of one side, whether we like it or not, we will be committed to the success of that cause, and then the question will arise: "How far will we go in support of that cause which we rallied to at the time of embargo repeal?"

Andre Tardieu, the Premier, said:

But the increasing volume of allied needs afforded the Americans almost unlimited trade possibilities. Prices had risen enormously. Profits had swollen tenfold. The Allies had become the sole customer of the United States. Loans the Allies had obtained from New York banks swept the gold of Europe into American coffers.

From that time on, whether desired or not, the victory of the Allies became essential to the United States. The vacillations of Wilson's policy only made this necessity more apparent. The note of the Federal Reserve Board forbidding further loans to the Allies jeopardized the American financial interests as much as it did the fate of the Allies. This note, coming too late or too soon, placed buyers and sellers, borrowers and lenders, in equal peril. If deprived of resources the Allies lost the war, how could their debts be paid and what would their signature be worth? The carefully weighed policy of the President, permitting sales and stopping credits, worked against neutrality and in favor of a break; it worked against Germany and in favor of the Allies. Between the Allies and the American market a common bond of interest had been created. (Tardieu, Andre, France and America, pp. 150-151.)

That was this famous Frenchman's viewpoint of how we had been caught up by the trade in war munitions to a point where we simply could not leave it without jeopardizing our own interests.

It was also realized contemporaneously by many, and not the least by a man likely to see things in as favorable light as possible, the deputy governor of the Bank of England, Mr. Brien Cokayne. In the fall of 1916 the Federal Reserve Board issued a warning to Reserve member banks against overloading themselves with allied obligations. It was a warning widely felt to be a blow to the allied cause, as an attempt at the eleventh hour to prevent further American involvement in the allied cause. Commenting on the apparently anti-allied ruling on January 15, 1917, the deputy governor of the Bank of England wrote to his friend the Governor of the Federal Reserve Bank of New York:

I almost wonder that the Board—

That is, the Federal Reserve Board, our Board—

when it saw that millions of money were being invested in ephemeral works to supply the enormous temporary requirements of the Allies did not issue a warning in time to check such dangerous expansion (Munitions Committee Report, No. 944, pt. 5, p. 216).

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After it was all over, the English authority said, "Why did not you start checking it sooner? We have stood in amazement and wondered why you did not."

So we find a loyal Englishman, delighted at the help to his country flowing from these American millions, yet almost wondering that the financial authorities of another country could have tolerated vast ephemeral works—what he, himself, calls dangerous expansion—to supply his own country's enormous temporary demands.

That is part of what I mean by financial involvement. Do not let us delude ourselves that we can ship appreciable quantities of supplies to England and France without dangerous expansions. That is one of the aspects of the alternative which the Senator from Michigan so aptly put the other day: "Someone will be fooled—either those at home who expect too much or those abroad who will get too little."

To increase our production so that our supplies may be of appreciable quantity and value to the Allies—so that they may not be fooled by getting too little—means expansion, and expansion means debt. It means money for retooling, money for new plants, money for additional stocks of raw materials, money for pay rolls during the long months of production before deliveries begin. It means money to stimulate agricultural production; money for farm machinery, for seed, for fertilizer. It means money needed for the railroads to move the production; money for new cars, new locomotives, new rails.

These things cannot be paid for out of income, out of cash in the till, by anybody. They can only be paid by industry, agriculture, transportation, all alike, going into debt.

There is your dangerous expansion. When all those debts shall have been contracted on the basis of sales that are going to be made, that are under contract for future delivery, if you like, will it then be easy to adopt any policy that threatens those sales, that will leave all the debt expansion hanging over industry and agriculture and yet stop the sales that are the only way to pay off those debts? Then the issue will not be peace or war any more than it is made peace or war now.

The issue will be just a little more help to the Allies, just a little more; oh, yes, peaceful help, or we bankrupt our own citizens and, for emotional overtone, lose the war for England. Each time to the very end the issue will come in that form.

And then perhaps when the danger is obvious to all and everyone realizes there is no road out, then someone will wonder why steps were not taken in time to check such dangerous expansion. But now is the time to check it—now and now only. Otherwise we will be the ones to be fooled.

The earliest primer of politics, whose morals have been questioned, but whose genius has never been denied, has this to say on the situation before us in the debate:

\* \* \* which in the commencement is easy to cure but difficult to understand; but when it has neither been discovered in due time nor treated upon a proper principle it becomes easy to understand and difficult to cure. The same thing happens in affairs of state by foreseeing them at a distance \* \* \*; the evils which might arise from them are soon cured; but when from want of foresight they are suffered to increase to such a height that they are perceptible to everyone, there is no longer any remedy (Munitions Committee Hearings, S. Res. 206, pt. 35, p. 11831).

#### BEGINNINGS OF FINANCIAL INVOLVEMENT

When the World War broke out in the summer of 1914, this country set up a barrier against involvement in the following official announcement of the State Department, August 15, 1914:

DEPARTMENT OF STATE,  
Washington, August 15, 1914.  
J. P. MORGAN & Co.,  
New York City:

Inquiry having been made as to the attitude of this Government in case American bankers are asked to make loans to foreign governments during the war in Europe, the following announcement is made: "There is no reason why loans should not be made to the government of neutral nations, but in the judgment of this Government loans by American bankers to any foreign nation which is at war is inconsistent with the true spirit of neutrality."

W. J. BRYAN.

I should like to have the Senate follow closely to observe particularly that though that was not law written by a Congress, signed by a President—it was only an Executive order,



if it was that—nevertheless for months and months and months it had all the force of law, and had there been a willingness on the part of officialdom to stand by that pronouncement there never would have been loans made to the Allies.

The reasoning that led to the conclusion that loans to belligerents were contrary to the spirit of neutrality was laid before President Wilson by Secretary Bryan. This conception of policy was, at that time, at any rate, President Wilson's, and the basis of the policy, Senators will note, is that belligerent loans are in principle unneutral.

This 1914 barrier against involvement was only a ban against belligerent borrowing in this country, but it was a barrier of a sort, and, under the economic circumstances of that time, was more of a barrier than a simple ban on loans would be today. In 1914 there was no \$2,000,000,000 stabilization fund to support the pound for the British. The Federal Reserve banks had just been organized and were not then—as now—available to furnish hundreds of millions in faintly disguised loans to the belligerents as they can do under the pending measure. Besides, since the ban in 1914 was a declaration by the administration, it had less defined and for that reason far broader restraining influence. It seemed to bankers and businessmen that the loan ban of August 1914 represented a policy, was a symbol of the policy of the administration. They doubted the wisdom, as a hard-headed business proposition, of undertaking a course of action disapproved of by the administration. It would be a risky place for a businessman or a banker to overextend himself. One further frown by the administration—an embargo proposal, say—would have ruined his business overnight.

How different from what will be felt today if the joint resolution passes. True, there will be barriers—or what are at least said to be barriers—against involvement. The enforcement of the letter of our laws we assume as a matter of course. But what about policy? Need any banker or businessman expect a frown if he pushes ahead to the very limit of every technically legal way to supply the Allies? How could he? The administration's preferences in the present European war are well known. Their domestic reflection is proclaimed to all in the repeal of the arms embargo. It follows necessarily to the mind of everyone—including bankers and businessmen—that if any further legislative action is desired it will be to loosen, not tighten, such safeguards as are left in the law; it will mean greater, not less, help to the Allies, greater shipments of all kinds, easier methods of financing. So it will be safe to push to the technically legal limit in easing credit and shipping supplies.

So perhaps we might say that the simple loan ban of 1914, as a symbol of administration policy, could have been a far greater barrier against involvement than the complicated measure before us, which, too, is a symbol of administration policy.

There is this further to observe about the 1914 loan ban: It was based upon a principle, but it accorded with a practical situation. In August 1914 the American bankers felt unable to lend money to any foreign government.

Here is Morgan's first reply, August 9, 1914, to a request from France for a loan:

In regard to loan, do not think in condition our markets and sudden necessity supply all necessary capital for United States on this side and pay off short borrowings abroad that such operation would be possible. Certainly until opening of stock exchange and relaxation of situation enables us estimate state of affairs here more accurately than possible at present.

Am certain no loan could be arranged for considerable period involving withdrawals gold, and, in our opinion, no one could make loan here now for any foreign nation involving export of gold. Will, however, make careful investigation and cable you further about, soon as possible.

Two days later the French again asked for a loan, this time promising to spend all the loan in the United States, no gold to be taken at all.

Still the Morgans could not see their way to do it. They cabled France:

In regard loan, we have been already considering operation on general basis you suggest. Difficulty is that at moment everyone

here required take over his foreign position in order pay debts due discount markets England and France. This increases loans here without increasing deposits, and enhances difficulty our bank position, making fresh loans more difficult obtain. We, of course, however, will do our very best and hope arrange moderate extent. Please assure Government have every desire be of service. For your information only. We are consulting our Government here, as do not wish take any action under present strained circumstances which will be offensive to them, although we understand there is no legal objection to loan suggested (Senate Munitions Rept. No. 944, pt. 6, p. 13).

A few days later, on August 14, we find the Morgans communicating this intelligence by cable:

State Department has not as yet expressed definite opinion but prefer that nothing be done for 2 or 3 days at least. They may express opinion later, in which event will advise you. Owing to increasing local demands here doubt our ability to handle loan whatever attitude State Department. However, will not state definitely until hear further from them. (Senate Munitions Report No. 944, pt. 6, p. 13.)

Mr. Morgan summed up the matter in the following testimony before the Munitions Committee.

Senator CLARK. Mr. Morgan, so far as it was the policy of the Government to discourage loans to belligerents, you adhered to their policy?

Mr. MORGAN. We did.

Senator CLARK. When the Government changed its policy—

Mr. MORGAN. When the Government turned us loose, we were turned loose.

Senator CLARK. So it was a change of policy on the part of the Government that did open up the question of belligerent loans in this country?

Mr. MORGAN. That opened up the question. (Senate Munitions Report No. 944, pt. 6, pp. 14-15.)

Our former colleague, Mr. McAdoo, during the war a Secretary in the Cabinet, was of course aware that the President's ban on loans did not have the force of law; but he knew that this declaration of policy was even more powerful. On August 21, 1915, he used this phrase in a letter to the President:

Large banking houses here which have the ability to finance a large loan will not do so or even attempt to do so in the face of this declaration.

That declaration was nothing more than the proclamation issued by the Secretary of State, William Jennings Bryan.

It is administration policy rather than the letter of a statute which governs the way these situations develop. The Congress will put its stamp of approval on the policy of aid to England and France when it passes the pending measure—aid to conduct an offensive war.

What has happened is this: The position of the Roosevelt administration in 1936 was the position of the Wilson administration in August 1914. The Roosevelt administration today—with the pending measure—is already in the position of the Wilson administration after it had begun—the phrase is Mr. Morgan's own—to "turn the bankers loose."

For a moment let us examine how that "turning loose" was done back in 1914.

By October of that year the practical circumstances of the financial world were quite different from those of August. The financial jam in New York, caused by the outbreak of war, eased. Banks again were able to lend money. It may be worth noting, also, that the military situation had become clarified. Paris was no longer in day-to-day danger of capture. The British control of the seas was evident. It was not only practicable to lend money; it was also safer. The practical reasons for President Wilson's loan ban seemed already disappearing, but of course the moral reason—neutrality—was unchanged.

In this situation feelers in regard to loans were again put out by France.

On October 9, 1914, Mr. Vanderlip, president of the National City Bank of New York, wrote the following letter to the French Ambassador, J. J. Jusserand:

SIR: Since our interview on the 5th, we have, pursuant to your request, given careful attention to the matter of placing French securities in this country. It is our firm opinion that no considerable amount could be placed on the terms outlined by you in that interview. It is our opinion, and we stand ready to undertake it, that at the present time \$10,000,000 1-year Treasury warrants could

be sold in the United States on a 6-percent basis, not to the public but to large institutions to whom an appeal could be made on other than strictly investment lines. This would be on condition, however, that the transaction is not objected to by our Government at Washington, and that the proceeds of these securities remain on deposit, either with this bank or with such other depositaries as we might be permitted to designate, until expended exclusively for products of the United States.

It is our desire to be of service to your country in this matter as far as is consistent with the somewhat peculiar and difficult financial position existing here. As I now forecast the situation, I am of the opinion that the opportunity for placing the securities will be a broadening one rather than otherwise, and if we should undertake it, it would be with the hope that the operation could be extended considerably beyond the figures above mentioned.

I await your advices in the matter.

There are three very interesting things to note in this letter. First, "the whole thing is off if the American Government objects"—and again not by power of any law but solely as a matter of policy. Remember, now, there was no embargo upon the statute books; there was no prohibition upon the books of loans and credits, such as we have at the present time. "The whole thing is off," this banker says, "if the American Government objects," not by power of any law but solely as a matter of policy.

Second, the fact that the French notes are to be sold where an appeal can be made on more than strict investment lines—in other words, munitions orders to come.

Third, that the opportunities for placing securities once started will be a broadening one, as, of course, today, the opportunity of placing munitions orders will be a broadening one.

The next step in this interesting series of events is a letter from the vice president of the National City Bank to Secretary of State Lansing on October 23, 1914, from which I quote as follows:

War conditions, as you are aware, have made cotton bills unavailable for the settlement of this balance against us, and it can only be wiped out by the shipment of the goods in lieu of the cotton that are now needed and desired by the various European countries. This is true, regardless of any temporary bridging over of the situation, and it has been the policy of the National City Bank, as far as possible and proper, to stimulate the unprecedented and unusual buying that is now going on in this country by foreign governments and their nationals. Since the beginning of the war this bank alone has received cabled instructions for the payment of in excess of \$50,000,000 for American goods, and the volume of this business is increasing. Owing to war conditions, this buying is necessarily for cash, and it is of such magnitude that the cash credits of the European governments are being fast depleted. Lately we have been urged by manufacturers who are customers of the bank, and in some cases by representatives of the foreign governments, to provide temporary credits for these purchases. For that purpose we have recently arranged to advance the Norwegian Government some \$3,000,000, practically all of which is to be expended for cereals in this country. Very recently the Russian Government has placed, directly and through agents, large orders with American manufacturers—such large orders that their cash credit has been absorbed and they have asked us to allow an overdraft, secured by gold deposited in their state bank, of some \$5,000,000.

The letter of the vice president of the National City Bank to Secretary Lansing continues:

Some of our clients have been asked to take short-time treasury warrants of the French Government in payment for goods, and have in turn asked us if we could discount them or purchase warrants direct from the French Government for the purpose of replenishing their cash balances. We have also been asked by European interests practically the same question as to English consols and treasury securities. Some of our German correspondents have approached us with the suggestion that, without naming a particular security, we sell securities to increase their cash account with us, and we have little doubt this is indirectly for the purposes of the German Government.

We strongly feel the necessity of aiding the situation by temporary credits of this sort; otherwise the buying power of these foreign purchasers will dry up and the business will go to Australia, Canada, Argentina, and elsewhere.

I may say, Mr. President, that that is the same language we are hearing today.

It may in the end come back to us, but the critical time for American finance in our international relations is during the next 3 or 4 months; and if we allow these purchases to go elsewhere, we will have neglected our foreign trade at the time of our greatest need and greatest opportunity.

I wonder, Mr. President, are we going back to that same old mill again? How many times are we going back? I resume reading from the letter addressed to Secretary Lansing by the National City Bank:

It is the desire of the National City Bank to be absolutely in accord with the policies of our own Government, both in its legal position and in the spirit of its operations; and while very anxious to stimulate our foreign trade, we do not wish to in any respect act otherwise than in complete accord with the policy of our Government.

For the purpose of enabling them to make cash payments for American goods, the bank is disposed to grant short-time banking credits to European governments, both belligerent and neutral, and where necessary or desirable replenish their cash balances on this side by the purchase of short-time Treasury warrants. Such purchases would necessarily be limited to the legal capacity of the bank, and as these warrants are bearer warrants without interest, they could not and would not be made the subject of a public issue. These securities could be sold abroad or be readily available as collateral in our foreign loans, and would be paid at maturity in dollars or equivalent in foreign exchange.

This business which I have attempted to describe to you we deem necessary to the general good, and we desire to proceed along the lines indicated unless it is objectionable from the Government's standpoint, in which case we assume that you will advise us. (Munitions Hearings, pt. 25, pp. 7664.)

Here the "squeeze play" comes, one of the many moves. The administration of that hour weakened in its determination to discourage loans to the nations engaged in war.

That letter is almost contemporary. It is the same idea of a little healthy stimulation that the President touched upon. It is, of course, all for cash and carry—just a little temporary accommodation is wanted; "we will never ask for anything more."

The letter of the National City Bank was a successful letter; it obtained results, for 2 days later the French Ambassador, Mr. Jusserand, wrote the National City Bank:

I think it is appropriate for me to confidentially tell you that from information, the accuracy of which I cannot doubt, you will find the competent authorities ready, not, of course, to grant a "permission," which is neither asked for nor wanted, but to abstain from objections. (Munitions Hearings, pt. 25, p. 7524.)

No one need guess a second time as to where the French got their information that the administration here would no longer object to the extension of this kind of loan, but "do not 'put them on the spot'; just go ahead and negotiate the loans."

Mr. HOLT. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from West Virginia?

Mr. NYE. I yield.

Mr. HOLT. I am asking the Senator to yield in order that I may suggest the absence of a quorum.

Mr. NYE. I hope the Senator will not do that. Of course, I should like very much to have all 96 Senators come and look into the looking glass and see what, with eyes wide open, they are walking into with this proposal to repeal the arms embargo provision of the Neutrality Act. Perhaps we may hope that they will read the speeches in opposition to repeal; perhaps we may hope that others will take them at least piecemeal and try to drive the conclusion home, try to make men see what men mean when they say the repeal of the arms embargo is the first step toward American participation in another European war. The resolve to stay out of the war in this country today is not one whit higher than it was in 1914, 1915, and 1916. Do not indulge the hope that the resolve of this hour is going to save our skin; it did not do it the last time. If the people of the United States want an anchor to tie their determination to, let them tie it to the arms embargo. There is not anything else available that will lend greater security to America's peace and America's continued aloofness from the European war than the arms embargo.

The information which the French Ambassador, Mr. Jusserand, furnished and reported to the National City Bank we know was entirely accurate. It was based upon a conversation between Secretary Lansing and President Woodrow



Wilson on the evening of October 23, 1914, of which the following is Lansing's official memorandum:

DEPARTMENT OF STATE,  
OFFICE OF THE COUNSELOR,  
October 23, 1914—9:30 p. m.

MEMORANDUM OF A CONVERSATION WITH THE PRESIDENT AT 8:30 THIS EVENING RELATIVE TO LOANS AND BANK CREDITS TO BELLIGERENT GOVERNMENTS

From my conversation with the President I gathered the following impressions as to his views concerning bank credits of belligerent governments in contradistinction to a public loan floated in this country.

There is a decided difference—

I wish Senators would follow this closely—

There is a decided difference between an issue of Government bonds, which are sold in open market to investors, and an arrangement for easy exchange in meeting debts incurred in trade between a government and American merchants.

The sale of bonds draws gold from the American people. The purchasers of bonds are loaning their savings to the belligerent government, and are, in fact, financing the war.

The acceptance of Treasury notes or other evidences of debt in payment for articles purchased in this country is merely a means of facilitating trade by a system of credits which will avoid the clumsy and impractical method of cash payments. As trade with belligerents is legitimate and proper it is desirable that obstacles such as interference with an arrangement of credits or easy method of exchange should be removed.

The question of an arrangement of this sort ought not to be submitted to this Government for its opinion—

Let it be remembered that Secretary Lansing is recording in this memorandum the result of the conversation he had had less than an hour before with the President, and the Secretary wrote in his memorandum:

The question of an arrangement of this sort ought not to be submitted to this Government for its opinion, since it has given its views on loans in general, although an arrangement as to credits has to do with a commercial debt rather than with a loan of money.

The above are my individual impressions of the conversation with the President who authorized me to give them to such persons as were entitled to hear them, upon the express understanding that they were my own impressions and that I had no authority to speak for the President or the Government.

ROBERT LANSING.

Then there follows a further memorandum by Secretary Lansing:

Substance of above conveyed to Willard Straight at Metropolitan Club, 8:30 p. m. October 24, 1914. Substance of above conveyed to R. L. Farnham, at the Department, 10:30 a. m. October 26, 1914. (Munitions Hearings, pt. 25, pp. 7666.)

Poor Straight! Poor Farnham! Mr. Straight was Morgan's representative; Mr. Farnham the representative of the National City Bank.

In passing it is worth noting, in connection with the constitutional role of the Senate in American foreign policy, that this change of administration policy was kept secret from October 23, 1914, until March 31, 1915. In the meantime, Chairman Stone of the Senate Foreign Relations Committee had asked the State Department a formal question in regard to this distinction—actually artificial—between loans and credits. The Department contented itself with repeating the August loan ban and made no mention of the distinction it had decided to draw.

At this point the Wilson administration stood where the Roosevelt administration stands today. It had made the first breach in the dike of its own neutrality policy. Whether in that evening conference on October 23, 1914, the President meant to go further than facilitate allied trade a little—in munitions, of course, as well as everything else—we have no way of knowing. We know he felt that Germany was militaristic. We know he had no sympathy with her. Whether he toyed with the equivalent of steps short of war we do not know. In our own time we have the benefit of more information. We know that President Roosevelt feels it is the duty of the United States to take steps short of war against aggressors.

THE ARRIVAL OF FINANCIAL INVOLVEMENT

The consequences of this fundamental change in Government policy did not show themselves all at once. The financial situation in the United States went along with no sharp

change. Business was good, but there was no drowning the country with masses of the permitted allied credits. By September 1, 1915, there was outstanding only \$108,000,000 in allied indebtedness, a trifling sum when spread over the country or even through many banks. No one could feel that this indebtedness would have any influence on American involvement. Such a sum could be loaned indirectly under the financial provision of this measure and scarcely be noticed.

But notice what else had happened. Great Britain had paid for war materials through Morgan's export department up to September 1, 1915, the sum of \$140,000,000—again a not very important sum—but up to the same date, September 1, 1915, Morgan had let British contracts to the amount of \$589,000,000. That is a far more serious sum. Particularly it was so then, and it was a sum that was both a benefit and a serious business danger. Plant expansion had to be undertaken, and naturally the investment in plant was often greatly in excess of the total of orders thus far given. Not only would present contracts have to be paid for but new orders would have to come through or it would mean bankruptcy and unemployment. That overrun of contracts, let alone beyond payments and of both overloans, is the first telltale sign of economic involvement.

Have we any reason to suppose that if the present war settles into the long siege of the offensive the same things will not happen; that England and France, pressed by military necessity, will contract only for what they know they can pay for? Is anyone foolish enough to believe that? What is there to prevent their placing vast orders and paying cash down for only a small fraction of the contract? This would be sound from a military and industrial point of view, and it would be excellent politics, a great joke on the American people resolved to stay out of the war, resolved to do nothing more than repeal the arms embargo. It would make a large number of Americans dependent for financial solvency upon the maintenance of allied credit. American businessmen would feel entitled to rely on the obvious sympathy of the administration. They would hardly refuse all advance orders until the British Government laid before them its entire plan for meeting its obligations in America. Throughout the entire life of the contracts they would, of course, rely on the financial resources of the British Government and the sympathy of the American Government. They would not worry about what might happen to them if the British should decide they would have to suspend all payments in America. Such a notion would appear absurd. Yet once those contracts were signed, what kind of pressure would they and their workers bring to bear in Washington if once doubt were raised about the ability of England to go through with the contracts?

It need not be a real doubt at all. It might be a doubt manufactured by the British Government itself in order to induce the American Government to adopt a more liberal loan policy, or ship policy, or exchange-support policy through the stabilization fund, or alter any other policy that the British Government desired changed to aid it in the terrific strain of offensive war.

That was done exactly in the summer of 1915. If ever a nation of people were played for a "bunch of suckers," we were so played in 1914 and 1915. While we thought we were staying out of war they were putting a ring into our nose and leading us straight into that war. A financial situation was deliberately created in order to force the Wilson administration to lift its ban on public loans to the Allies.

On August 14, 1915, the British Government deliberately began driving down the pound sterling rate. It had plenty of resources in gold and securities. It had even received and declined an offer by Morgan's of \$100,000,000 to hold up the pound, as had been done ever since February. The British Government not only stopped buying sterling in New York; it actually pushed the rate off a little further by buying dollars in London.

The events that followed that sudden and secret withdrawal of British support from the exchange market tells its own story in the contemporary documents.

On August 14, 1915, the day Britain stopped supporting sterling, Governor Strong, of the New York Reserve Bank, wrote this letter to Colonel House:

MY DEAR COLONEL HOUSE: Referring to our conversation of a week ago, you have doubtless observed that matters are developing along the lines of our discussion. Sterling exchange sold yesterday below 4.71.

The newspapers are reporting very considerable cancellations of foreign contracts for wheat and other commodities. The cancellation of contracts for grain is reported to be due to military developments at the Dardanelles, which may shortly release large quantities of Russian wheat. This seems hardly probable, and if rumors now appearing in the newspapers are well-grounded—although I suppose they are considerably exaggerated—I am inclined to believe that the cause is inability to get remittances. It is a striking illustration of the possible effect upon our trade growing out of inability to arrange credits in this country.

If exchange declines very sharply so that all the profit on a purchase of goods contracted for in this country is gone before the goods are exported and the purchaser is in a position to cancel the contract, he will, of course, cancel in every instance, even though he has to buy again later, possibly after contracting for his exchange in advance.

The situation is undoubtedly growing increasingly difficult with each day's decline in exchange, and while I don't see anything yet to be alarmed about, I still believe that at present rates, with the prospect of still lower rates, the influence is gradually growing stronger to curtail our export business. (Munitions Report, pt. 6, p. 43.)

Then on August 18 Morgan reported to London what they had done in the way of educating the American Government:

For your information, in view of the conference H. P. Davison had with the Secretary of the Treasury, we have today sent word to the Secretary of the Treasury that we regard the exchange situation as very serious from the point of view of our commerce, in order that the administration may be fully informed and with hopes that they might in some way be helpful, making no definite suggestions, however. (Munitions Report, pt. 6, p. 39.)

Naturally, one might say, the information given to Secretary McAdoo did not, it appears, include the only really important item at all, namely, that it was the British Government itself that was creating the exchange situation.

Three days after this word from Morgans, Secretary McAdoo wrote this long analysis of the situation to President Wilson:

It is imperative for England to establish a large credit in this country. She will need at least \$500,000,000. She can't get this in any way at the moment that seems feasible, except by sale of short-time Government notes. Here she encounters the obstacle presented by Mr. Bryan's letter of January 20, 1915, to Senator Stone, in which it is stated that "war loans in this country were disapproved because inconsistent with the spirit of neutrality," etc., and "this Government has not been advised that any general loans have been made by foreign governments in this country since the President expressed his wish that loans of this character should not be made." The italicized part is the hardest hurdle of the entire letter. Large banking houses here which have the ability to finance a large loan will not do so or even attempt to do so in the face of this declaration. We have tied our hands so that we cannot keep ourselves or help our best customer. France and Russia are in the same boat. Each, especially France, needs a large credit here.

The declaration seems to me most illogical and inconsistent. We approve and encourage sales of supplies to England and others, but we disapprove the creation by them of credit balances here to finance their lawful and welcome purchases. We must find some way to give them needed credit, but there is no way, I fear, unless this declaration can be modified. Maybe the *Arabic* incident may clarify the situation. I should hate to have to have it modified that way.

Notwithstanding Mr. Bryan's letter expressing disapproval of foreign loans, the German Government openly issued and sold last spring, through Chandler Bros., bankers, of Philadelphia and New York, \$10,000,000 of its short-time bonds. England and her allies could sell a small amount of obligations, perhaps \$25,000,000, in the face of your disapproval as expressed in this letter, but it would be fruitless. The problem is so huge that she must go "whole hog," and she cannot do that unless our attitude can be modified. Perhaps it could be done, if you decided that it should be done at all, by some hint to bankers, although I don't think that would do. In fact, England and her allies will have great difficulty in getting the amount of credit they need here, even if our Government is openly friendly. I wish you would think about this so we may discuss it when I see you. To maintain our prosperity we must finance it. Otherwise it may stop, and that would be disastrous.

I haven't the slightest fear that we shall be embarrassed if we extend huge credits to foreign governments to enable them to buy our products. Our credit resources are simply marvelous now. They are easily five to six billion dollars. We could utilize one billion in financing our foreign trade without inconvenience and with benefit to the country.

I wrote Lansing a brief note yesterday about credits to foreign governments and suggested that nothing be done to emphasize the position taken in Mr. Bryan's note until I could have a chance to discuss it with you and him. (Munitions Committee Hearings, pt. 26, pp. 7862-7863.)

Then, on August 21, Secretary McAdoo pressed forward the matter in a letter to Secretary Lansing:

I have always felt that it was a mistake for our Government to discountenance in any way the establishment of credits in this country in favor of foreign governments, such credits to be employed in purchasing supplies in this country. It seems to me entirely inconsistent to say that the purchase of our farm products and manufactured articles and other supplies by foreign governments is lawful and to be encouraged, and then to say that we discourage and discountenance as being unneutral the credit operations which are an essential part of such transactions.

I merely desire to call your attention at the moment to the seriousness of the question and to say that I hope no action will be taken that will add to the embarrassments of the situation by reaffirming or emphasizing the position taken in Mr. Bryan's letter of January 20, last, until I have had an opportunity to discuss this with you and the President. (Munitions Committee Hearings, pt. 26, p. 7865.)

On August 25, Secretary Lansing laid the problem before the President:

I think we must recognize the fact that conditions have materially changed since last autumn when we endeavored to discourage the flotation of any general loan by a belligerent in this country. The question of exchange and the large debts which result from purchases by belligerent governments require some methods of funding these debts in this country. (Munitions Committee Hearings, S. Res. 206, pt. 26, p. 7865.)

The President gave an oral acquiescence to the views Lansing expressed, but in the meantime the British and French proposed to float a \$500,000,000 loan, and apparently the form of the President's consent was felt to be inadequate in the face of the formal ban on loans proclaimed a year before. So on September 6, 1915, Secretary Lansing returned to the problem in the following letter to the President:

MY DEAR MR. PRESIDENT: Doubtless Secretary McAdoo has discussed with you the necessity of floating Government loans for the belligerent nations, which are purchasing such great quantities of goods in this country, in order to avoid a serious financial situation which will not only affect them but this country as well.

Briefly, the situation as I understand it is this: Since December 1, 1914, to June 30, 1915, our exports have exceeded our imports by nearly a billion dollars, and it is estimated that the excess will be from July 1 to December 31, 1915, a billion and three-quarters. Thus for the year 1915 the excess will be approximately two and a half billions of dollars.

It is estimated that the European banks have about three and one-half billions of dollars in gold in their vaults. To withdraw any considerable amount would disastrously affect the credit of the European nations and the consequence would be a general state of bankruptcy.

If the European countries cannot find means to pay for the excess of goods sold to them over those purchased from them, they will have to stop buying and our present export trade will shrink proportionately. The result would be restriction of outputs, industrial depression, idle capital, and idle labor, numerous failures, financial demoralization, and general unrest and suffering among the laboring classes.

Probably a billion and three-quarters of the excess of European purchases can be taken care of by the sale of American securities held in Europe and by the transfer of trade balances of oriental countries, but that will leave three-quarters of a billion to be met in some other way. Furthermore, even if that is arranged, we will have to face a more serious situation in January 1916 as the American securities held abroad will have been exhausted.

I believe that Secretary McAdoo is convinced, and I agree with him, that there is only one means of avoiding this situation, which would so seriously affect economic conditions in this country, and that is the flotation of large bond issues by the belligerent governments. Our financial institutions have the money to loan and wish to do so. On account of the great balance of trade in our favor, the proceeds of these loans would be expended here. The result would be a maintenance of the credit of the borrowing nations based on their gold reserve, a continuance of our commerce at its present volume, and industrial activity, with the consequent employment of capital and labor and national prosperity.

The difficulty is—and this is what Secretary McAdoo came to see me about—that the Government early in the war announced that it considered "war loans" to be contrary to the "true spirit of neutrality." A declaration to this effect was given to the press about August 15, 1914, by Secretary Bryan. The language is as follows: "In the judgment of this Government, loans by American bankers to any foreign nation at war is inconsistent with the true spirit of neutrality."

In October 1914, after a conference with you, I gave my "impressions" to certain New York bankers in reference to "credit loans,"



but the general statement remained unaffected. In drafting the letter of January 20, 1915, to Senator Stone, I sought to leave out a broad statement and to explain merely the reasons for distinguishing between "general loans" and "credit loans." However, Mr. Bryan thought it well to repeat the August declaration, and it appears in the first sentence of division 13 of the latter, copy of which I enclose.

On March 31, 1915, another press statement was given out from the Department, which reads as follows:

"The State Department has from time to time received information directly or indirectly to the effect that belligerent nations had arranged with banks in the United States for credits in various sums. While loans to belligerents have been disapproved, this Government has not felt that it was justified in interposing objection to the credit arrangements which have been brought to its attention. It has neither approved these nor disapproved; it has simply taken no action in the premises and expressed no opinion."

Manifestly, the Government has committed itself to the policy of discouragement of general loans to belligerent governments. The practical reasons for the policy at the time we adopted it were sound, but basing it on the ground that loans are "inconsistent with the true spirit of neutrality" is now a source of embarrassment. This latter ground is as strong today as it was a year ago, while the practical reasons for discouraging loans have largely disappeared. We have more money than we can use. Popular sympathy has become crystallized in favor of one or another of the belligerents to such an extent that the purchase of bonds would in no way increase the bitterness of partisanship or cause a possibly serious situation.

Now, on the other hand, we are face to face with what appears to be a critical economic situation which can only be relieved apparently by the investment of American capital foreign loans to be used in liquidating the enormous balance of trade in favor of the United States.

Now, listen, Senators; listen:

Can we afford to let a declaration as to our conception of the true spirit of neutrality made in the first days of the war stand in the way of our national interests, which seem to be seriously threatened?

If we cannot afford to do this, how are we to explain away the declaration and maintain a semblance of consistency?

My opinion is that we ought to allow the loans to be made for our own good, and I have been seeking some means of harmonizing our policy, so unconditionally announced, with the flotation of general loans. As yet I have found no solution to the problem.

Secretary McAdoo considers that the situation is becoming acute and that something should be done at once to avoid the disastrous results which will follow a continuance of the present policy. (Pp. 7882-7883, Munitions Hearings, pt. 26.)

That was the letter of Secretary Lansing to his Chief, the President of the United States. His Chief responded under date of September 8:

MY DEAR MR. SECRETARY: I have no doubt that our oral discussion of this matter yesterday suffices. If it does not, will you let me know that you would like a written reply? (Munitions Hearings, pt. 26, p. 7884.)

Clearly the oral discussion did suffice, for in October the great \$500,000,000 Anglo-French loan was floated, and then, in Tardieu's words, the United States was committed to Allied success, whether it liked it or not.

Mr. President, it would be a complete misreading of political and economic realities to read these letters in a personal sense; to suppose for a moment that Secretary McAdoo, Governor Strong, and Secretary Lansing, by a kind of feverish conspiracy, talked President Wilson into changing the loan policy of this country. Nothing could be further from the truth. Back of those three men there were millions, some consciously, some unconsciously, desiring the change. And the arguments advanced for the change were cogent and serious. They flowed up to these spokesmen out of the millions who had become dependent on unfilled Allied war contracts, of farmers who had planted wheat and cotton on the basis of future sales to the Allies, of workers getting a prosperity scale of wages.

It is true that the crisis was manufactured, but it was nonetheless a crisis; so much so that Tardieu's famous saying was wrong. The United States was not committed to the Allied cause in August and September 1915, but on the night of October 23, 1914, whence came all the orders, all the expansion, all the future commitments.

Mr. President, will we by the passage of the measure to repeal the arms embargo make it possible to point back to the day of its passage as the day when was created the situation that once again took us, in spite of our high resolve, back into Europe's war?

The same situation holds today. Once we start a munition trade, our domestic finances become in part dependent on England's ability and willingness to pay for her war orders.

In November 1916, when the Federal Reserve Board issued a warning that was at first interpreted as a serious blow to Allied credit, the Morgans suggested to the British Government that cancellation of some contracts might be both necessary and politically desirable. They cabled on November 27, 1916:

Meanwhile, we can see no way except for your authorities to consider ways and means for immediate curtailment of purchases, letting such action be announced without rancour but explicitly, with possible good effect upon American attitude.

Mr. WILEY. Mr. President, will the Senator yield?

Mr. NYE. I yield.

Mr. WILEY. I am very much interested in this discussion, and I think I have heard more of the discourses which have taken place in the Senate than has any other Senator since the present debate began. Because of my position—not having been here when the original law was passed—I wanted to hear all the evidence before I made my decision.

The Senator said—and as I recall the statement is undisputed—that the munitions and implements of war business would amount to 13 percent, and if we should repeal the embargo we would add only 13 percent more to the total trade. The Senator has demonstrated quite clearly this afternoon that the matter of credits and the loans to the allied nations played a large part in subsequent events.

What I am trying to get at is this: Suppose we do not repeal the embargo, we would still have the 87 percent in trade and we would still have need to have that trade financed unless we have cash and carry. That 87 percent, without arms and implements of war, will probably increase so it will amount to and be equal to 100 percent of the trade, without the shipment of any war materials.

Mr. NYE. Mr. President, was the Senator present earlier in the day when I made showing of what percentage of our exportations in years past to France and England was in munitions, as defined by the proclamation now in force under the arms embargo? More than 20 percent of our total trade with England during those years was in commodities that are now on the embargo list. Fourteen percent of our trade with France was in commodities now on the embargo list. That study has been very carefully worked out, and if the Senator will refer to my remarks as he encounters them in the RECORD in the morning he will find how they were substantiated.

Mr. WILEY. I was not here at the time the Senator made the statement; but let us assume that those figures are correct. Then we have a difference of 80 percent. Whether it is 80 percent or 87 percent makes no difference. What I am getting at is that the Senator is making the point of our involvement in future wars because of credits, is he not?

Mr. NYE. In part.

Mr. WILEY. Yes.

Mr. NYE. And credit to maintain the trade which is occasioned by repeal of the arms embargo.

Mr. WILEY. Yes; but if the embargo is not repealed, the 80 percent may march up to 100 percent in raw materials which they demand. How are they going to pay for them?

Mr. NYE. Of course it would march up to 100 percent. So far as the credit consideration is concerned, there will come a time when England and France will be under the necessity of obtaining help in the way of loans and credit to maintain not only munitions purchases but purchases of all other commodities.

Mr. WILEY. Then we shall have the same pressure whether the embargo is repealed or not. That is the point I am making.

Mr. NYE. Yes; we shall unless we resort to the move which it has been promised would be made.

Mr. WILEY. Then we come to the position which it seems to me it is imperative for the American people to become acquainted with, and that is that war on our part does not depend on whether or not we repeal the embargo.

Mr. NYE. I cannot agree at all with the Senator on that point, because the embargo is a security against our engaging in an industry from which we would obtain a momentary pick-up, a momentary prosperity which was not ours before we had access to that market. As that trade grows, we become more dependent upon it. We become dependent upon maintenance of at least the high mark of exportation that we may have reached at the moment. We shall be wanting more of it; and in order to maintain it and get more of it we can be most easily prevailed upon to help foreign purchasers, when the time comes, to the extent of the credit and loans which they may need.

Of course, the Senator from Wisconsin knows that there is a contention that the so-called 90-day clause in the cash-and-carry plan leaves the plan not cash and carry at all, but credit and carry. The Senator has heard the remarks of Senators who would get away from the controversy on that question. He has heard the Senator from Indiana suggest, as he was quoted in the newspapers as suggesting, that in the interest of getting this measure passed perhaps it would be just as well to drop the 90-day clause. Then, if it is found that it is needed afterward, we can have another session of Congress and take care of it.

So the point I am making is that if we once give in to this demand, if we once develop any dependence upon that kind of trade, we shall find it easier to take the subsequent steps, which were taken once before, for reasons that men in that hour said were to prevent disaster.

Mr. WILEY. I do not wish to get into an argument; but the point I tried to make in my inquiries, and which is still rather vague in my mind so far as the answer is concerned, is this:

The Senator has demonstrated pretty clearly that if we sell materials, as we probably shall, whether munitions or other products, the materials must be paid for by credit or cash. We are not prohibited from selling under the present law. However, under the suggested new law there is a provision for cash and carry; but, no matter what takes place, there is going to be a demand for the materials and they must be paid for.

Mr. NYE. They must be promised to be paid for in 90 days.

Mr. WILEY. Then, whether they are munitions or whatever they are, we shall still have that demand for credit, shall we not?

Mr. NYE. I am afraid so; and for that reason I am one of those supporting the proposal that we hold foreign trade to a normal basis, and not let it get out of hand.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. NYE. I yield to the Senator from Illinois.

Mr. LUCAS. The Senator from Wisconsin raises what is, to my mind, a very important question in connection with this debate. I should like to ask the Senator from North Dakota a question. Assuming that we pass no law whatsoever, and merely continue the arms embargo on the statute books as it is at the present time, what effect if any would that action have upon the continuation of the 80 percent of secondary war materials which the Senator says we dealt with in the last war?

Mr. NYE. Does the Senator mean the effect upon our security?

Mr. LUCAS. What I mean—

Mr. NYE. I shall assist the Senator. The direct answer to his question is that it would have no effect.

Mr. LUCAS. That is correct. It would have no effect whatsoever.

Mr. NYE. That is correct.

Mr. LUCAS. And if we did not have the provisions of cash and carry which are in the pending measure, this country would continue to trade and negotiate with foreign powers just as they are today. Credit that they use now would be continued, provided they could get it.

Mr. NYE. No. In the existing law we have a strict prohibition against loans to nations at war.

Mr. LUCAS. I am not talking about loans to which the Senator refers.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. NYE. I yield.

Mr. BARKLEY. In the present law there is a provision that if the President is convinced that it is necessary to protect the commercial interests of the United States he may exempt from the provisions of the present law ordinary commercial transactions without limitation. So, if he should exempt them, foreign nations could receive unlimited credit for ordinary commercial transactions; whereas under the provisions of the pending measure, he could only exempt them from that provision for a period of 90 days, and the credit would not be renewable.

Mr. NYE. That is true. I do not want to be understood as arguing that what was the cash-and-carry law last April, or what is now the law, is better than what is proposed in certain fields which are approached in the pending legislation. In some respects the proposed law does improve and strengthen the existing law.

Mr. LUCAS. Mr. President, will the Senator again yield?

Mr. NYE. I yield.

Mr. LUCAS. Under the Johnson Act, if I correctly understand it, this country is not prevented from entering into long-term credits with some other country. The Johnson Act deals strictly with short-term credit where private individuals are involved, does it not?

Mr. NYE. No. I think we still have in the law a strict prohibition of loans.

Mr. BARKLEY. Those are government loans.

Mr. NYE. Government loans.

Mr. BARKLEY. To governments.

Mr. NYE. Government loans to other governments.

Mr. BARKLEY. The Johnson Act primarily seeks to prohibit our government from making loans to other governments which are in default on obligations already incurred. However, I was speaking of the present law with respect to the power of the President to exempt ordinary commercial transactions from the provisions of the present law forbidding the making of loans and the extension of credit. He may exempt them for such periods as he sees fit, without limitation; whereas we are seeking to limit any power he has, even over ordinary commercial credits, to 90 days.

Mr. LUCAS. The point in which I was interested in the beginning was the one raised by the Senator from Wisconsin [Mr. WILEY], which seems to me to be extremely important in arriving at an intelligent conclusion upon this question. As I see it, we shall certainly continue to have this 80 percent of trade in secondary war materials, and certainly war profits will be made upon those materials. There will be a war boom on those materials, regardless of what anybody says or what this Congress may do.

Mr. NYE. Of course, the answer to the whole question is this: Keep the arms embargo and supplement the arms embargo with a cash-and-carry provision—and make it a real cash-and-carry provision—that will cover every commodity not covered by the embargo itself. Therein lies our greatest security.

Mr. LUCAS. If I understand the position of the Senator from North Dakota, it is that he is not opposed to the fundamental policy of the cash-and-carry plan as outlined in the joint resolution, but he would like to see that added to the arms embargo.

Mr. NYE. The Senator is quite correct.

Mr. LUCAS. I take it the Senator considers the arms embargo more important than the "cash and carry."

Mr. NYE. So much more important that if it came to a choice between taking the existing law with the embargo, without cash and carry, and a law which had cash and carry but no embargo, I should feel that we would be immeasurably stronger and more secure with the existing law.

Mr. LUCAS. Mr. President, will the Senator yield further?

Mr. NYE. Gladly.

Mr. LUCAS. I wish to make one further observation. I will say to him candidly that I respect his viewpoint. The Senator may be right, but under existing conditions in the world today I am forced to disagree with that premise.



Speaking with the utmost sincerity and candor—and I know that every Member of the Senate is speaking in the same way on this vital question—I repeat, even though I encumber the Record, that the cash-and-carry plan is so far more important in this legislation from the standpoint of keeping American troops from going abroad that there can be no comparison between that phase of the Pittman measure and the question of lifting the arms embargo. If I correctly read my history, I am convinced beyond the shadow of a doubt, notwithstanding the able argument the Senator is making at the present time, that the only reason we entered the war in 1917 was because of the destruction of the lives of American citizens and the destruction of property upon the high seas.

I know the Senator's position on that question; I know that he has long argued the other angle of it; but I have just finished reading a book, which I think was compiled by Mr. Savage, of the State Department, wherein he has digested all the important phraseology of the correspondence which was carried on from 1914 up to 1917 between President Wilson, Secretary Lansing, and other high officials, and the German Ambassador Bernstorff. After reading the documents I was more convinced than ever before that President Wilson and Secretary of State Lansing did everything that was within their power in a diplomatic and honorable way to keep this Nation from getting into that holocaust across the sea.

The Senator from North Dakota knows, as history shows, that one American ship after another was sunk almost from the time war was declared by Germany in 1914.

Mr. NYE. Up to the time we broke diplomatic relations with Germany only one American ship was sunk by Germany.

Mr. LUCAS. I doubt the Senator's statement is correct.

Mr. NYE. What other ships were sunk besides the *Gulflight*?

Mr. LUCAS. Tomorrow I will put in the Record, because of the statement the Senator has just made, figures showing how many American ships and men went down from 1914 to 1917.

Mr. NYE. Does the Senator mean before we broke diplomatic relations with Germany or before we entered the war?

Mr. LUCAS. I mean up to April 6, 1917, when we declared war.

Mr. NYE. That is another story. But up to the time we broke diplomatic relations with Germany we lost only one ship.

Mr. LUCAS. The Senator refers to the time between the date when war broke out in Europe to the time we broke off diplomatic relations. I am referring to the period from the time Germany went to war in 1914 until the declaration of war was pronounced by the Congress. During that period some 15 to 20 American ships went down to the bottom of the ocean as the result of submarine warfare upon the part of Germany to say nothing of the number attacked and seriously damaged. During all that time continuous protests were made by Secretary of State Lansing and President Wilson requesting that Germany cease unrestricted submarine warfare, with no avail, until the final ship was sunk just prior to the declaration of war. Then the patience of America was exhausted.

I make this statement merely because I am so strongly for the cash-and-carry plan, believing that it is the one thing in the pending joint resolution which will come nearer keeping us out of war than will anything else. The cash-and-carry plan will take American vessels off the high seas, take them away from the submarine-infested waters. If this is accomplished, our perils are less and our dangers diminish.

Mr. NYE. Mr. President, if I have opportunity and time this afternoon I shall discuss in a little more detail, and place in the Record, the information showing that there was only one American ship lost because of German activity prior to February 3, 1917, when we broke off diplomatic relations with Germany; and the sinking of that ship involved very few American lives, although many Americans lost their lives prior to that date traveling on ships of nations engaged in that war, but only one American ship was sunk by Germany prior to the time I have indicated.

Mr. LUCAS. The Senator will admit that under international law American citizens at that time had a right to travel on belligerent ships?

Mr. NYE. Yes; and they were not even traveling at their own risk at that time. We then entertained the idea that wherever an American went, however much dynamite he wanted to sit on and however many matches he wanted to light while he was sitting on that dynamite, if he got into trouble it was our job really to see, as best we could, that he got out of that trouble.

Mr. LUCAS. I merely state what was the position of this country at that time, when we were attempting to maintain the dignity and honor of the Nation by upholding international law.

Today we are attempting through legislation to avoid that very pitfall.

Mr. NYE. Happily, most of us are now together in agreeing that that is not a thing worth while contending for.

Mr. President, before being interrupted, I was making the point that the firm of Morgan & Co., serving the British and French Governments, were trying to prevent anything being done by the American Government that would be embarrassing to the French and English Governments. The Federal Reserve banks had warned Americans, "Be sure to get security for what you sell to those Europeans." That was disturbing to England and France. It was looked upon as an attitude that would injure them. However, Morgan & Co. showed them the way out. I wish to read again the cablegram that was sent by Morgan & Co. to London:

Meanwhile, we can see no way—

That is, no way around the order which the Federal Reserve Board had laid down—

We can see no way except for your authorities—

That is, the British authorities—

to consider ways and means for immediate curtailment of purchases, letting such action be announced without rancor but explicitly, with possible good effect upon American attitude.

In other words, all Mr. Morgan had to do to right that particular craft and keep it on an even keel was to get the British to say so that official Washington would hear it, "If you propose to maintain orders such as that Federal Reserve Board order, we will quit buying your goods; that will cause a panic in your country, and you do not want that." Certainly we did not want it. I have yet to find a President, or anyone in a responsible position, who likes to have a panic during his administration; it would be a strange creature, indeed, if there were such.

The statement by the Morgan firm dispatched to its London representative was a simple and concise statement of how to bring pressure in this country. The exasperated manufacturers were to make things uncomfortable for the Reserve Board.

Mr. President, once we permit an arms-trade boom, as the pending joint resolution will permit, we give Great Britain a lever on us. She can, as she did in 1915, or as Morgan suggested she do in 1916, make it politically expedient for us to change our apparent loan ban, or our ship policy, or Reserve bank regulations, or whatever she wants changed. She could do it by exchange manipulations again; she could equally well do it by dumping securities or by canceling orders, or threatening to cancel them.

The pending measure is for October 23, when we can throw open the door or leave it closed; when we can prevent, or encourage, the beginning of a chain of events that, once started, will not again leave us masters in our own house, a chain that will compel us from now on to govern our own domestic American finances according to the requirements of the finances of the United Kingdom of Great Britain and Ireland.

As an illustration of how uncontrolled arms traffic with nations at war can effect a stranglehold on American economy, we have our experiences of the last war.

I will refer here only to certain situations from 1914-17 directly and specifically related to our position as the arms arsenal for Britain and France.

During that war, as everyone knows, American neutral rights were completely disregarded by all the belligerents. The German submarine sinkings of belligerent vessels on which Americans were traveling aroused our national anger and vigorous protests. The British interferences with what we considered our neutral rights of trade irritated us. We protested against illegal British seizures and detentions of American cargoes destined for neutral ports, against the extensions of the contraband list, against the British blockade of Germany—but our protests were never taken seriously.

As early as March 21, 1915, our Ambassador in London, Walter Hines Page, was cabling the State Department that the British Government regarded our protests as "remote and impracticable," that they were amused at our protesting their violations, when in fact they had become such a lucrative war-trade market for us. He said:

While the official reception of our communications is dignified, the unofficial and general attitude to them is a smile at our love of letterwriting as at Fourth of July orations. They quietly laugh at our effort to regulate sea warfare under new conditions by what they regard as lawyers' disquisitions out of textbooks. They [receive] them with courtesy, pay no further attention to them, proceed to settle our shipping disputes with an effort at generosity, and quadruple their orders from us of war materials. \* \* \* (Foreign Relations, 1915, Supplement, p. 147.)

Later, in January 1916, when President Wilson and Secretary Lansing proposed to England a *modus vivendi* in regard to British armed merchant ships which would have gone a long way toward removing the submarine-warfare controversy, the full-blown dependence of our munitions factories on Allied war orders was called to our attention. The British Government rejected the Wilson-Lansing proposal regarding disarming their armed merchantmen. Our Ambassador in London, Mr. Page, cabled the Department that he had "only once before seen Sir Edward (Grey) so grave and disappointed," that is, at our proposal for disarming British merchant vessels which we had been admitting to our ports as peaceful vessels; and he added this classic paragraph:

It has been rumored here in well-informed circles for several weeks, and I believe it is true, that the British Government have been constructing extra munition works in England and Canada which can on short notice be manned and used to make as many munitions as the United States now supplies. The reason given for this expensive preparation is the fear of Bernstorff's success in his efforts to cause the administration to embarrass the Allies. If necessary [I hear that] orders placed in the United States could now be stopped within a month without diminishing the total supply. If no merchantman may carry a defensive gun into an American port [this] change may precipitate a cutting off of American orders, not from any wish to cut them off, but from fear that other embarrassing acts by us may follow. (Policy Toward Maritime Commerce, vol. II, p. 449, Department of State.)

Whether we liked it or not, the British felt that in becoming their supply base, in effect, we forfeited the possibility of maintaining our neutrality. Lloyd George states this in his Memoirs:

If we were interfering with America's potential trade with our enemies, at least we were providing her with a magnificent market in Britain, France, and Russia, which stimulated her industries to an unprecedented level of activity and profitability. This fact had its influence in holding back the hand of the American Government whenever, excited to intense irritation by some new incident of the blockade, it contemplated retaliatory measures. (Lloyd George, David, War Memoirs, vol. II, pp. 661-662.)

And Mr. Ray Stannard Baker, the official biographer of Woodrow Wilson, who has written eight volumes on the war-time President, based on the Wilson papers and other related materials, writes:

Thus by the end of the year 1914 the traffic in war materials with the Allies had become deeply entrenched in America's economic organization, and the possibility of keeping out of the war by the diplomacy of neutrality, no matter how skillfully conducted, had reached the vanishing point. By October, perhaps earlier, our case was lost.

While British diplomacy maneuvered with skill to involve American industry and finance in the munitions traffic, it is certain that American business needed no compulsion to take war orders. (Baker, R. S., Woodrow Wilson, Life and Letters, Neutrality, 1914-15, p. 181.)

And he adds:

However we may repudiate the motive, the intricate business connections with the Allies developed during 1914, 1915, 1916—until the very economic life of the country rested upon the munitions

traffic—stimulated a powerful interest in the victory of the Allies. On the other hand, German efforts to break up this relationship, with consequent injury to life and property, tended to provoke our Government to vindication by force. There was a kind of fatality about it all, due on the one hand to the weakness and futility of the political power in such a crisis, with its inadequate legal sanctions, and on the other to the inexorable implications in the realities of a world-encircling economic system. (Baker, p. 192.)

In addition to the British violations of our neutral trade, we became very much irritated in the summer of 1916 with British censorship of our mails and the blacklisting of our firms. On July 18, 1916, the British Government issued a proclamation blacklisting 85 American firms, because they were doing business with the Central Powers. This move by the British caused repercussions throughout the United States. President Wilson wrote to Colonel House on July 23, 1916, that he was nearing the end of his patience with the British and the Allies, and that he was seriously considering asking Congress to authorize him to prohibit loans and restrict exportations to the Allies. (See Munitions Committee Report, pt. 5, p. 53.)

The upshot of the controversy about British interference with American rights was that Congress was asked to adopt retaliatory legislation enabling the President to combat restrictions placed by foreign countries on American commerce. Obviously this was to be used against the British. On September 7, 1916, the act to establish a United States Shipping Board, and on September 8, 1916, the act to increase the revenue and for other purposes, which contained provisions empowering the President to take drastic retaliatory action against Britain, were approved. The provisions were discretionary in character. The next step was to find out how the legislation could be most effectively used. The Department of State did this by sending the Solicitor of the Department to consult with the Department of Commerce and to request a statement—

Showing what measures could be taken in regulating trade that would be effective and at the same time least injurious to this country, and also a statement showing the exports of ammunition from the United States to the various belligerent countries. (Foreign Relations, 1916 Supplement, p. 466.)

The Secretary of Commerce replied to this request with this significant memorandum on October 23, 1916:

Probably the most effective remedy would be to refuse clearance to vessels carrying war supplies until the orders in council and the blacklist are withdrawn. This would seem to be strictly within the authority granted to the President by the Revenue Act, section 806, paragraph 2, "To withhold clearance from one or more vessels of such belligerent country." In effect, however, this would be to lay an American embargo, and Congress failed to authorize expressly the laying of an embargo. Moreover, it may be doubted whether an embargo on arms and ammunition would be as successful now as a year or more ago. More factories in the United Kingdom have been converted into munition plants. While our exports of arms and ammunition have been continuously on the increase, their need is now probably less pressing. In some cases, it is understood, American concerns have taken up this work only after a contract was given for a sufficiently long period to justify the necessary alterations or enlargement of the establishment. As a result the embargo might prove in some cases more injurious to American manufacturers than to the countries at war, and might, in practice, effect the cancellation of a contract more highly regarded by the American concern than by the British Government. (Ibid., p. 474.)

And further on:

We have suffered the effect of embargoes and orders in council for a long period under protest, but without retaliation. The restrictions are no more hurtful now than a year and a half ago. But the weapon then in our hands, an embargo on war munitions and supplies, has become dulled.

The most effective measure at our disposal is still a virtual embargo of arms and ammunition. It might still be applied if fully authorized by the Revenue Act, section 806, second paragraph, and if, upon investigation, it promises to be effective.

Before any action is taken, however, one other point must be carefully weighed. For success in commerce after the war we need the friendship of the belligerents if it can be obtained and held without undue sacrifice. Is not their good will, then, likely to be worth more to us than the present temporary restrictions have cost us? (Ibid., p. 476.)

In other words, an embargo then could not have been the effective thing that it was earlier. The Commerce Department's memorandum was drafted at the height of a two-and-one-fifth-billion-dollar increase in our war trade. We were



in the boom period. A large share—in the case of the British, at least 22 percent of our export trade—was in items which are now classed as arms, ammunition, and implements of war. We had geared our industry to the war machine of the Allies. It was too late to turn back. To reverse our position and place an embargo on arms exports, even in the interest of securing tolerance of our neutral rights, was impossible; not because such a move would not have been an effective weapon, but chiefly because, to quote the Commerce Department:

The embargo might prove in some cases more injurious to American manufacturers than to the countries at war.

It was too late, because American economy was based on the precarious foundation of Allied war trade. So we dropped the matter there and allowed the continuance of the arms trade, because there was nothing else to do.

Note, please, how completely our war trade came to dictate and control our foreign policy. The consideration here recited was only one step, preceded by others, followed by more, down the road to war.

What a lesson for us now! Can we profit from the past? Are we going to turn our backs on the facts of the case? We shall do just that as soon as we allow trade in arms to move freely.

Against that background of the need of protecting the war-boomed trade of the United States I should like you to consider the submarine issue. That was the immediate issue over which the United States entered the war, yet it was related directly to our war trade.

But we must remember in what way the submarine issue presented itself. It was simply and solely the armed merchantman issue. We insisted on the right of England to arm her merchant ships, and insisted equally that the Germans could not lawfully sink these ships without warning. It was, of course, an untenable position, since the armed British merchant ships could sink a submarine as soon as she rose to warn them.

Lansing himself, as we all know, recognized how completely impossible our position was on this matter. In the famous *modus vivendi*, the note of January 18, 1916, to the Allied Governments, he writes:

The placing of guns on merchantmen at the present day of submarine warfare can be explained only on the ground of a purpose to render merchantmen superior in force to submarines and to prevent warning and visit and search by them. Any armament, therefore, on a merchant vessel would seem to have the character of an offensive armament.

If a submarine is required to stop and search a merchant vessel on the high seas and, in case it is found that she is of enemy character and that conditions necessitate her destruction, to remove to a place of safety all persons on board, it would not seem just or reasonable that the submarine should be compelled, while complying with these requirements, to expose itself to almost certain destruction by the guns on board the merchant vessel.

It would therefore appear to be a reasonable and reciprocally just arrangement if it could be agreed by the opposing belligerents that submarines should be caused to adhere strictly to the rules of international law in the matter of stopping and searching merchant vessels, determining their belligerent nationality, and removing the crews and passenger to places of safety before sinking the vessels as prizes of war, and that merchant vessels of belligerent nationality should be prohibited and prevented from carrying any armament whatsoever.

In presenting this formula as a basis for conditional declarations by the belligerent governments, I do so in the full conviction that your Government will consider primarily the humane purpose of saving the lives of innocent people rather than the insistence upon a doubtful legal right which may be denied on account of new conditions.

I would be pleased if you would be good enough to bring this suggestion to the attention of your Government and inform me of their views upon the subject and whether they would be willing to make such a declaration, conditioned upon their enemies making a similar declaration.

A communication similar to this one has been addressed to the Ambassadors of France, Russia, Italy, and the Minister of Belgium at this Capital.

I should add that my Government is impressed with the reasonableness of the argument that a merchant vessel carrying an armament of any sort, in view of the character of submarine warfare and the defensive weakness of undersea craft, should be held to be an auxiliary cruiser, and so treated by a neutral as well as by

a belligerent government, and is seriously considering instructing its officials accordingly.

I am (etc.),

ROBERT LANSING.

(Foreign Relations, 1916 Supp., p. 146.)

Of course the British Government would have nothing to do with such a proposal—to save a few lives at sea at the expense of millions of tons of shipping and war supplies. When the British protests began to reach Lansing he wrote to the President a note using this interesting sentence:

It seems to me that the British Government expected us to denounce submarine warfare as inhuman and to deny the right to use submarines in attacking commercial vessels; and that these statements by Sir Edward Grey evidence his great disappointment that we have failed to be the instrument to save British commerce from attack by Germany. (Senate Munitions Committee Report, pt. 5, p. 125.)

The concluding words are the key to the whole matter—"Save British commerce." Apparently for a few weeks Secretary Lansing forgot what raising the loan ban in the previous August had so clearly demonstrated: That by that time British commerce had become American, willy-nilly, we had to save her commerce in order to save our own. Mr. Lansing's attempts to solve the submarine issue before it became the occasion for war between Germany and the United States were begun too late. They were begun after American and British war commerce had become interdependent.

The truth of the matter was put with complete aptness by Mr. Lamont, of Morgan & Co., in a letter to his Paris partner January 29, 1917:

You are correct in believing our desires to be first of all to serve the cause of the Allies, and at the same time the commercial interests of our own country, these two objects being, in our judgment, supplementary to each other. (Senate Munitions Committee Hearings, pt. 28, p. 8800.)

These two objects had, indeed, become supplementary to each other.

So we had to abandon the *modus vivendi* or destroy our own overextended commerce by enforcing it ourselves. And, of course, by February 1, 1916, our economic position had become much more dangerous than it had been in August 1915. By that time \$736,100,000 in allied indebtedness was outstanding in the American market. By that time contracts had been let by the Morgan agencies for over \$1,000,000,000, and only about half a billion paid for. The situation was much more serious than in the previous August.

Can we suppose that the same powerful reason which moved Strong, McAdoo, House, and Lansing, himself, to lift the loan ban in August 1915 did not operate to induce Lansing to drop the armed-merchantmen issue—when the economic consequences to the United States of forcing that issue would have been far worse than failing to lift the loan ban in August?

Then, of course, we had our war issue ready made—in-escapable—whenever the military situation of England or Germany brought it to the surface. And here we reach the other safeguard, so-called—that is, in the pending measure—that title must be transferred before shipment. How much is that worth? All through the submarine quarrel we had the same rule—not by statute, but by universal, sound business practice. No manufacturer shipped goods through the submarine zones until he had been paid for them. Our quarrel with Germany in 1916 and 1917 was over the sinking of armed British ships without warning—not the sinking after proper warning of unarmed American ships. And so long as we leave the armed-merchantmen issue untouched, there is always a chance to be drawn into the same dangerous dispute as in 1916 and 1917.

I shall not dwell at any length on the financial involvements of the last year of our neutrality.

But in the closing months of 1916 and the opening months of 1917 our financial crisis of itself was enough to have caused war—as Ambassador Page himself suggested. Our financial involvement resulted in a total of \$2,000,000,000 of allied indebtedness by April 1, 1917. It resulted in a financial crisis in

New York. Here is part of a Morgan cable of December 5, 1916, describing some aspects of the situation:

With the situation as serious as it is, we called group of confidential lending bankers this morning to point out the necessity of caring for situation and the facility for doing so with such large amounts of American securities to use pending arrival of sufficient gold. All these bankers most anxious to cooperate and express willingness to reduce their reserves even below legal limit, if necessary, but as one man they asked the question. What are Great Britain's requirements going to be in the next 30 days? We could not answer this question because the handling of exchange makes that feature absolutely uncertain.

It was apparent to us that our inability to answer this specific question, or even to place an outside limit upon the exchange item, was very disturbing to these bankers. We feel, therefore, on this and on every other account that we must have some early expressions as to plans of authorities on this point. We are not fully acquainted with what is in their minds. Perhaps they have some undisclosed resources that we are not aware of, but at the present rate of going they will soon exhaust all gold available or in transit and also available American securities, even going so far as to assume that we can possibly secure loans up to 80 percent of the value of these securities. We do not presume to suggest the policy of the authorities, but our responsibility certainly requires our pointing out the dangers in the situation, so that if we should suddenly find that we had exhausted all available resources of this market, the knowledge of that fact would not come as a shock to authorities. (Senate Munitions Committee Report, pt. 6, pp. 140-141.)

Here is the picture of the situation at the same time, given by Paul M. Warburg, of the Federal Reserve Board, in a letter to Governor Strong, November 23, 1916:

As you know, there has been going on quite an active press campaign, the object of which was to show that unless we granted foreign credits quite freely the country runs the risk of being choked with gold, with the attendant consequences of inflation of prices and credits.

Mr. Davison came over last Saturday and had a talk with the Board and expanded upon this theory. He advised the Board that Morgan's had planned to offer \$100,000,000 of British bonds payable in dollars which were to mature in scattered maturities falling between 3 months and 1 year, it being apparently the plan to arrange the maturities so that \$10,000,000 would mature each week and then be renewed, which would indicate, as he did not deny, that, provided the banks would take it, they would follow this first issue with others and place here about \$500,000,000 of these exchequer bonds. When these would have been placed, of course, they might consider the placing of more. But, for the time being, he said, the British Government would not want to place more than a weekly maturity of \$10,000,000.

Davison took the point of view that they only wanted to do what was good for the country, but that the British Government was buying about \$10,000,000 worth a day, and if we did not place these loans we were taking the responsibility of cutting down the trade of the country—a very serious responsibility as we were now in a fair way of becoming the masters of the world. The more we stimulated this trade, and the more loans we made to these foreign countries the more would we increase our predominance.

Governor Harding (who had taken the precaution during these last weeks to place himself in touch with the leading authorities in questions of foreign policy in order to be sure that we were acting in fullest accord with what generally would be considered the best interest of the country) pointed out to Mr. Davison that there was some danger of a creditor becoming so much involved with one debtor that finally, no matter whether the creditor wanted to or not, he would have to go in deeper and deeper. In other words, while you thought you had the bull by the tail, as a matter of fact the bull had you by the tail. In this case it is John Bull who would have us by the tail.

England has now outstanding in short loans an amount which must be as large as between one and two billions of pounds. How these are to be funded nobody knows. England's per capita debt next year will have multiplied by 7 as against the beginning of the war. The continuation of the war, therefore, appears madness, and as long as nobody knows how long this madness will last there is no saying in what condition Europe will be when the war ceases. The feeling generally appears to be breaking through here at Washington (and I think also amongst a substantial part of the cooler elements of the country) that the end of this war will be a draw; that the sooner it ends the better; and that continuing the war means only a needless and fruitless sacrifice of life and treasure. To think that this war must go on to keep our trade going is an abomination. To think that it ought to be the duty of the Government or the Federal Reserve Board to prevent disastrous economic consequences by prolonging it is unjustifiable. And we said to Mr. Davison that it was the general feeling that we had grown enough and that we should be in a position of contemplating the "breaking out" of peace without a thought of alarm; that to our mind it was better to let this extraordinary trade gradually go down to more nearly normal proportions than to have it stop with a vengeance.

The discussion with Davison was very pleasant and led to no definite conclusions, which I believe he wanted to avoid. He understood, however, our point of view. While he pointed out to us that we had a duty to finance this trade, he could not answer us when we pointed out that we were financing 10 days, according to his own statement, and that he could figure out for himself the tremendous amounts that this country would have to take in foreign loans, if his arguments were to prevail, that this trade ought to be continued indefinitely and by all means by continuing loans. He answered that, of course, they would not go beyond a reasonable amount, but I believe we have lost what was our standard for what is reasonable and what unreasonable; and, moreover, the further we go the more difficult it will be to stop.

I know that there are two sides to the arguments. It is not an easy matter at this time to decide what is right or wrong, but apparently the general consensus of opinion is getting around to the point of view that we should not overdo this foreign business at this time and that the harm would not lie so much in the influx of gold as in the overstimulation of our trade leading to enormously increased prices, thereby increasing the volume of credits with the entire chain of increased cost of living, wages, etc. (Senate Munitions Committee Report, pt. 6, pp. 129-131.)

Here is how it affected the New York money market—Morgan's cable of December 7, 1916:

Our important banking friends have assured us that they will stand by and assist, and as result of various conferences today we expect that we will be able to carry the business through if no unforeseen obstacles arise. To give you something of the picture, this would involve our having a participation in excess of \$100,000,000—the National City Bank, say, \$40,000,000; the First National Bank, say, \$30,000,000; and so on. Naturally these institutions ask what is going to happen after the first of the year, and to that we are unable to reply. We, of course, cannot encourage an operation which will bind up the New York market without some way of liquidating it. (Senate Munitions Committee Report, pt. 6, p. 145.)

Of course they could not answer what would happen after the first of the year. In Governor Harding's phrase, the bull had them by the tail. In spite of reluctance to bind up the New York market, they had to do so with a \$400,000,000 "demand" loan that had to be carried right into 1919.

So perhaps it would be appropriate to read again Ambassador Page's famous cablegram of March 5, 1917:

The financial inquiries made here reveal an international condition most alarming to the American financial and industrial outlook.

Not alarming to the peace and security of the United States, but "alarming to the American financial and industrial outlook."

I offer the entire cablegram and ask that it be printed in the RECORD.

There being no objection, the cablegram was ordered to be printed in the RECORD, as follows:

The financial inquiries made here reveal an international condition most alarming to the American financial and industrial outlook. England is obliged to finance her allies as well as to meet her own war expenses. She has as yet been able to do these tasks out of her own resources. But in addition to these tasks she cannot continue her present large purchases in the United States without shipments of gold to pay for them, and she cannot maintain large shipments of gold for two reasons: First, both England and France must retain most of the gold they have to keep their paper money at par; and, second, the submarine has made the shipping of gold too hazardous, even if they had it to ship. The almost immediate danger, therefore, is that Franco-American and Anglo-American exchange will be so disturbed that orders by all the allied governments will be reduced to the lowest minimum and there will be almost a cessation of trans-Atlantic trade. This will, of course, cause a panic in the United States. The world will be divided into two hemispheres, one of which has gold and commodities and the other, which needs these commodities, will have no money to pay for them and practically no commodities of their own to exchange for them. The financial and commercial result will be almost as bad for one as for the other. This condition may soon come suddenly unless action is quickly taken to prevent it. France and England must have a large enough credit in the United States to prevent the collapse of world trade and of the whole European finance.

If we should go to war with Germany the greatest help we could give the Allies would be such a credit. In that case our Government could, if it would, make a large investment in a Franco-British loan or might guarantee such a loan. All the money would be kept in our own country, trade would be continued and enlarged until the war ends, and after the war Europe would continue to buy food and would buy from us also an enormous supply of things to re-equip her peace industries. We should thus reap the profit of an uninterrupted, perhaps an enlarging trade over a number of years and we should hold their securities in payment.



But if we hold most of the money and Europe cannot pay for re-equipment, there may be a world-wide panic for an indefinite period.

Unless we go to war with Germany, our Government, of course, cannot make such a direct grant of credit, but is there no way in which our Government might indirectly, immediately, help the establishment in the United States of a large Franco-British credit without a violation of armed neutrality? I am not sufficiently acquainted with our own Reserve-bank law to form an opinion, but if these banks were able to establish such a credit, they would avert this danger. It is a danger for us more real and imminent, I think, than the public on either side of the ocean realize. If it be not averted before its symptoms become apparent, it will then be too late to avert it. I think that the pressure of this approaching crisis has gone beyond the ability of the Morgan financial agency for the British and French Governments. The need is becoming too great and urgent for any private agency to meet, for every such agency has to encounter jealousies of rivals and of sections.

Perhaps our going to war is the only way in which our present preeminent trade position can be maintained and a panic averted. The submarine has added the last item to the danger of a financial world crash. During a period of uncertainty about our being drawn into the war, no more considerable credit can be privately placed in the United States, and a collapse may come in the meantime. (Foreign Relations, 1917 Supplement 2, p. 516.)

Mr. NYE. Mr. President, let me point out that after reciting the dire situation confronting the Allies and the United States, Ambassador Page suggested that possibly the way out, the way to solve this whole problem, if we should go to war with Germany, the greatest help we could give the Allies, would be such a credit. In other words, if we declared war against Germany, we would not have to go to war; we would just furnish the credit, furnish the money, no ships, no men.

Again I would call the attention of Senators to the language in the cablegram sent by Ambassador Page:

Perhaps our going to war is the only way in which our present preeminent trade position can be maintained and a panic averted.

The only way now to avoid a panic was to declare war. Think of it, Senators. And it started with just a little munitions business in the beginning.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. NYE. I will ask the Senator to excuse me just a moment. I should like to finish comment on this particular cablegram.

Here is another fine expression by our Ambassador, Mr. Page, in his cablegram to President Wilson:

I think that the pressure of this approaching crisis has gone beyond the ability of the Morgan financial agency for the British and French Governments.

Is any more direct language than that required to make it understandable that American bankers had reached the end of their rope respecting their ability to supply the credit needs of the allied nations?

Is there any other language needed to convey to us the knowledge which men had then, that if we were to maintain this same position of ours, we, the United States, would have to find a way to finance that European trade?

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. NYE. I yield.

Mr. CLARK of Missouri. I simply wish to call the Senator's attention to the fact that, while the communication which he has just read is an example of the very common blandishments of those who tried to get us into the war before we got in, that all that was necessary for us to do in the war was to supply Great Britain and France with money and credit. Yet as soon as we got into the war a demand was made immediately that we carry out a great number of secret treaties we did not know anything about when we got into the war. As was shown from the letter of Assistant Secretary of the Treasury Crosby to Secretary of the Treasury McAdoo, Crosby had been sent over to England after we had extended them credits of billions upon billions of dollars, and he was told by the British Government, he reported to his chief in this country, that if we did not do more than we had already done in the way of credits and men England was likely to make a separate treaty of peace with the Central Powers and leave us to hold the sack.

Mr. NYE. I am happy that the Senator from Missouri would make note of that fact at this point in my remarks, and I appreciate it.

Recurring to the cablegram to the President, 30 days after dispatch of that cablegram the Congress found itself with a lapful of circumstances which left it with no alternative than that of declaring war. That was the Congress which for 3 long years had vowed it would not be dragged into war, just as the present Congress is now vowing, and whose Members say, "I would like to see them drag us into their war again." But take this first step, repeal the arms embargo which Senators helped to write to prevent that thing which happened 22 years ago, repeal the arms embargo, and we have less chance of maintaining that resolve to stay out than we have so long as the embargo remains in the law.

Oh, I know what men say about Ambassador Page and his cablegram. I have heard leading men in the United States say, "Oh, Page did not mean anything in that hour. Wilson did not pay much attention to him. His communications were folded up and tucked in a pigeonhole, and some of them were never read." Is there any Senator who can believe that? Is there any Senator who has respect for Woodrow Wilson who can believe that Woodrow Wilson would have left a man in whom he had no regard, no confidence, no respect, at that all-important post at London during those most trying years? We should know better than that. We do know that 30 days after dispatch of that cablegram the United States declared war. Oh, not to avoid a panic, not to avoid this circumstance that was embarrassing industry, as Page had put it. No, sir; it was to make the world safe for democracy. Not because American bankers had got out on the limb and were now having that limb sawed off. Not because the bankers had gone as far as they could. No; it was because of the insults of a military power lacking the decencies of civilization.

That condition of financial crisis, of threatened economic chaos throughout the world, so clearly described in these contemporary documents, was not something foreseen back when the seeds of it were planted.

In that historic evening conference at the White House on October 23, 1914, where that fatal and artificial distinction between loans and credits planted the seeds of the war boom, neither the President nor Lansing could see the end. Could Lansing have dreamed that in the following August he would write the President:

Now, on the other hand, we are face to face with what now appears to be a critical economic situation, which can only be relieved apparently by the investment of American capital in foreign loans to be used in liquidating the enormous balance of trade in favor of the United States.

Can we afford to let a declaration as to our conception of the "true spirit of neutrality" made in the first days of the war stand in the way of our national interests which seem to be seriously threatened?

Could Secretary Lansing have foreseen that in the spring of 1916 he would have to drop his sane, honest, peaceful solution of the submarine difficulties because the solution would produce intolerable domestic difficulties, economic and financial?

Could Wilson, the great peacemaker, have foreseen that the war-trade boom would so tie his hands that when peace was made he was almost powerless to influence its terms?

Wilson knew the dreadful consequences of a war to the bitter end. He had no illusions about that and no desire for it.

In his message to the Senate on January 22, 1917, he said:

Victory would mean peace forced upon the loser, a victor's terms imposed upon the vanquished. It would be accepted in humiliation, under duress, at an intolerable sacrifice, and would leave a sting, a resentment, a bitter memory upon which terms of peace would rest, not permanently, but only as upon quicksand.

He knew it when he wrote Colonel House on November 24, 1916:

I wanted to make these suggestions:

\* \* \* That you write to Lord Grey in the strongest terms to the effect that he could be sure that the United States would go any length in promoting and lending her full might to a league for peace, and that her people were growing more and more impatient with the intolerable conditions of neutrality, their

feeling as hot against Great Britain as it was at first against Germany and likely to grow still hotter against an indefinite continuation of the war, if no greater progress could be shown than now appears, either for the Allies or the Central Powers.

It might be well to intimate to him that Page no longer represents the feeling or the point of view of the United States any more than do the Americans resident in London.

I hope that these suggestions commend themselves to you. I do not think that he ought to be left in any degree of ignorance of the real state of our opinion. It might even be well to intimate that we, in common with the other neutral nations, look upon the continuation of the war through another winter with the utmost distaste and misgiving. (Senate Munitions Committee Hearings, pt. 28, exhibit 2627, p. 8750.)

He knew it during 1916, when through the famous House-Grey agreement he tried to bring about peace, even to the extent of permitting House to pledge probable American participation if only the British would state reasonable peace terms.

There was, indeed, a spectacle. Great Britain presumably fighting a war for her life with a promise of probable American armed support in the Foreign Secretary's pocket. And in his pocket it stayed. Why? Because the price of using it was too high. And yet the price was only a statement of peace terms that America could accept.

Now we are again asked to underwrite a victorious military war. Have we any doubt of that? What meaning has repeal of the embargo except long-term support for an offensive war? And consider the symbolic meaning of repeal at this point of military stalemate. Consider it, too, against the background of the declared purposes of the President's foreign policy.

The President's message to Congress on September 21 was by no means his first public utterance on international affairs. It was not his first exposition of what he considered to be the proper role of the United States in the world of these grim years. For this reason we cannot narrow the discussion to his message of September 21 and debate the issue in the form in which he has there presented it to us. This debate is not at all on the question of whether repeal will or will not aid American neutrality. That is only involved at the end, not at the beginning. The first question is, Shall we help France and England, and help them do what?

In his speech at Chicago on October 5, 1937, the President deplored the spread of war and aggression in the world. He had this to say:

The peace-loving nations must make a concerted effort in opposition to those violations of treaties and those ignorings of humane instincts which today are creating a state of international anarchy and instability from which there is no escape through mere isolation or neutrality.

So we know that he does not believe that neutrality will cure the ills of the present situation, a situation so much worse than the one the President was talking about 2 years ago.

Later in the same speech he said:

It seems to be unfortunately true that the epidemic of world lawlessness is spreading.

When an epidemic of physical disease starts to spread, the community approves and joins in a quarantine of the patients in order to protect the health of the community against the spread of the disease.

What, in the circumstances before us, does it mean to join with other nations in the quarantine here pictured?

Still later he said:

Most important of all, the will for peace on the part of peace-loving nations must express itself to the end that nations that may be tempted to violate their agreements and the rights of others will desist from such a cause.

Meditate that passage well, Mr. President. What steps can be taken to induce nations—now warring nations—to desist from their course of action?

Most unmistakable of all the President's declarations of foreign policy is to be found in his message to the Congress last January. There he said:

We have learned that God-fearing democracies of the world which observe the sanctity of treaties and good faith in their dealings with other nations cannot safely be indifferent to international lawlessness anywhere. They cannot forever let pass, without effective pro-

test, acts of aggression against sister nations—acts which automatically undermine all of us.

Obviously they must proceed along practical, peaceful lines. But the mere fact that we rightly decline to intervene with arms to prevent acts of aggression does not mean that we must act as if there were no aggression at all. Words may be futile, but war is not the only means of commanding a decent respect for the opinions of mankind. There are many methods short of war, but stronger and more effective than mere words, of bringing home to aggressor governments the aggregate sentiments of our own people.

At the very least we can and should avoid any action, or any lack of action, which will encourage, assist, or build up an aggressor.

These statements are not merely revealing of the President's mind. They are, in fact, declarations of Executive policy. To the extent that the Congress gives the President legal authority to pursue such a policy we can be sure that the President will do so. How could he do otherwise? What man of honor could do otherwise? Over a period of months and years the President has made known to the Congress and the people what he considers to be the underlying guide to the foreign policy of the United States. Unless and until the President specifically repudiates these earlier statements, unless his underlying policy has actually changed and the people and the Congress are on clear notice of that change, anything we do is done against the background of our knowledge of his policy. Any change that the Congress now makes in the neutrality laws, and therefore in the foreign policy of the United States, is made with full knowledge of what the President thinks that policy ought to be.

The President has very clearly expressed his conviction that the United States should take steps "short of war" against aggressors. No one has any doubt who is the aggressor in this war.

Mr. President, before I move to a conclusion, as I have proceeded it has occurred to me that in debate with the Senator from Illinois [Mr. LUCAS] this afternoon, thickheaded as I have been all day, tired, and with a cold in the head, I made a representation which never could be supported, and for some strange reason never occupied my mind until this afternoon. We were discussing the number of American ships that had been destroyed by German submarines before we declared war, and then again before we broke off relationships with Germany. I made the unwarranted statement that up to the time we broke off relations with Germany, on February 2 or 3, 1917, only one American merchant vessel had been sunk. What I meant to say, and what I have long had knowledge of, was that up to the time we broke off relationship with Germany the sinking of only one American vessel, the *Gulflight*, carried any American lives to graves. With that explanation at this point, I should like to have inserted in the RECORD a table showing the American merchant shipping losses during the so-called period of our neutrality—1914, 1915, 1916, and early 1917. I ask that it appear at this point in my remarks.

THE PRESIDING OFFICER. Is there objection?

Mr. CONNALLY. Mr. President, reserving the right to object, I ask the Senator what is the source of the table—what is the authority?

Mr. NYE. This table is taken from the book, *Neutrality for the United States*, by Borchard and Lage, page 351.

Mr. CONNALLY. How many ships does the table show were sunk before we entered the war? There were about 24 in all, were there not?

Mr. NYE. No. There were 11 up to the time of the rupture in diplomatic relations, on the 2d of February 1917, and 9 between that time and the time war was declared.

Mr. CONNALLY. That makes a total of 20, according to the table.

Mr. NYE. Twenty. Upon only one of those ships were any American lives lost up to the time of the break in relationship with Germany.

Mr. CONNALLY. What difference does it make whether it was before or after the break of relations? Those who were murdered were murdered just the same.

Mr. NYE. Our argument with Germany did not involve the sinking of our ships.

Mr. CONNALLY. It involved the loss of American lives.

Mr. NYE. Our argument with Germany was over the matter of her sinking ships without any warning. Under



international law we had no right at that time to object to the sinking of our ships, provided they were carrying contraband, and provided those upon the ships were given a chance to get off. The whole issue was that of sinking without warning. Up to the time of our break with Germany only one American ship had been destroyed in a way which did not give a chance to save the lives of those on board.

The PRESIDING OFFICER. Is there objection to the request of the Senator from North Dakota?

There being no objection, the table was ordered to be printed in the RECORD, as follows:

*American merchant shipping losses during neutrality*

Date	Vessel	Lives			Remarks
		United States	Foreign	Total	
Jan. 27, 1915	Wm. P. Frye				Raider.
May 1, 1915	Gulflight	3		3	Torpedo.
May 25, 1915	Nebraskan				Do.
July 25, 1915	Leelanaw				Do.
Aug. 4, 1915	Pass of Bahamas				Surrendered.
Oct. 28, 1916	Lanao (Philippine Islands steamship)				Bombs.
Nov. 7, 1916	Columbian				Do.
Nov. 26, 1916	Chemung				Torpedo (Austria).
Dec. 14, 1916	Rebecca Palmer				Shelled.
Jan. 4, 1917	Norlina				Torpedo.
Feb. 3, 1917	Housatonic				Bombs or torpedo.
Total to Feb. 3, 1917. <sup>1</sup>		3		3	6 sunk. 1 surrendered. 4 damaged.
Feb. 12, 1917	Lyman M. Law				Captured.
Mar. 12, 1917	Algonquin				Shelled and bombs.
Mar. 16, 1917	Vigilancia	6	9	15	Torpedo.
Mar. 17, 1917	City of Memphis				Shelled.
Mar. 18, 1917	Illinois				Bombs.
Mar. 21, 1917	Heraldton	7	14	21	Torpedo.
Apr. 1, 1917	Aztec (armed)	12	16	28	Do.
Apr. 4, 1917	Marguerite				Bombs.
Do.	Missourian				Shelled.
Total to Apr. 6, 1917. <sup>2</sup>					15 sunk. 1 surrendered. 4 damaged.

<sup>1</sup> Ruptures in diplomatic relation.

<sup>2</sup> War declared.

Neutrality for the United States, Borchard and Lage, p. 351.

Until the break in diplomatic relations with Germany on February 3, 1917, only three lives had been lost on American vessels. These were all on the *Gulflight*, which was torpedoed on May 1, 1915, the very day the *Lusitania* sailed from New York. The vessel did not sink, but was towed in. (Neutrality for the United States, Borchard and Lage, p. 221.)

It may truthfully be said that American intervention in the European war was largely induced by the attempt of the Wilson administration to maintain not only the privilege of British merchantmen to arm but to use their arms against submarines, while yet enjoying immunity from submarine attack because the merchantman had American citizens among her passengers or crew. (Neutrality for the United States, Borchard and Lage, p. 83.)

Mr. NYE. Mr. President, I have attempted to demonstrate what is very clear in my mind and in the minds of many other Senators, that we cannot take steps "short of war" against Germany and not end up in military war against her. I have tried to show why I think so, why even the beginning of an arms-trade boom ties our hands and leaves our policy in the control of England.

But even if that were doubtful, even if it were not so, there should still be pause.

Why should we gamble the influence of the United States? Why should we risk our neutrality to affect a military result in Europe when not one of us has the remotest notion of the terms of peace he would like to see, and certainly no way to attain them?

Strange, is it not, that in England herself one of her greatest literary figures, and even her World War Prime Minister, do not know what England is really fighting for; yet in this country—yea, in this Chamber—many enthusiastic individuals seem to know what it is all about. Lloyd George, with a lifetime of experience in the highest offices of the

British Empire, through years of peace and war, has doubts, questions, seeks answer. "What kind of a peace do you plan?" he asks.

George Bernard Shaw, one of England's most famous men, has thrown out the challenge on peace aims. He says:

Naturally we cry, "Sacrifice"; yes. But what for? \* \* \* You tell us to be resolute and determined, but we cannot be resolute and determined in the air about nothing. What are we suffering for? Upon what are we resolved? What have we determined?

The Archbishop of York in the next broadcast finally rose to the occasion as became a great Christian prelate. Unfortunately, he began not as a Christian prelate but as a righteously angry, hot-headed Englishman by giving his blessing to our troops as "dedicated" to the supreme and immediate duty of lynching Hitler and his associates.

I simply remind the archbishop that although we can easily kill a hundred thousand quite innocent German men, women, and children in our determination to get at Hitler, we should not finally succeed in lynching him, and the killing of Germans and our own losses in the process would produce a state of mind on both sides which would operate as a complete black-out of Christianity and make the archbishop's sane, final solution impossible.

If we won, it would be Versailles all over again, only worse—with another war even less than 20 years off.

No; it will not do, however thickly we butter it with bunk and balderdash about liberty, democracy, and everything that we have just abolished at home.

As the archbishop nobly confesses, we made all the mischief—we and the French—when we were drunk with our victory at Versailles. And if that mischief had not been there for him to undo, Adolf Hitler would have now been a struggling artist and of no political account.

He actually owes his eminence to us; so let's cease railing at our own creation and recognize the ability with which he has undone our wicked work and the debt the German nation owes him for it.

Our business now is to make peace with him and with all the world instead of making more mischief and ruining our people in the process. (Appendix of the CONGRESSIONAL RECORD, p. 207.)

Not only is the proposed raising of the arms embargo a deliberate offer of assistance by this Government—in the facts of the actual world, a commitment by this country to help England defeat Germany—but it carries graver possibilities in its train. No one today is under any illusions about the cost in human and material terms of offensive war. When the campaign against Germany, with our aid, is well along, how dangerously used up and overextended may England and France become? May we not then really be asked to do something, not just to help them win, but to keep them from utter defeat? Has anyone the least doubt of what that something will have to be? Is this Congress willing to place a proviso on repeal of the embargo that if repeal alone is not enough help, then at some point in British and French exhaustion we will declare war? And if we are not willing to make such a proviso, explicit or implied, what business have we proffering them the help of our arsenals?

This is simply a proposition to enter into the war by the left hand, to become the neutral ally of England and France. This is simply as skillful a political maneuver as circumstance permitted to disguise as merely a rectification of true neutrality what is perilously near to an act of war.

I understand that the President's partisans must insist on framing the issue in the guise that he has done, but I am sure that none of them is in the slightest doubt of what the issue really is. We all know that if the President had felt public opinion would have stood for it, he would have framed his request, not in the soft accents of September 21, but in the ringing martial challenge of October 1937 and last January.

Let us not delude ourselves on the outcome of a long war. It is all very well to talk now of lofty peace aims; but the consequences of a long war will be too fearful to leave room for any lofty sentiments. When the casualties shall have reached into every home in England, France, Germany; when the cities shall have been bombed and the ships sunk; when every decent sentiment in Europe shall have been lost in the struggle with fire and hunger and hatred—then peace will be made; and it will be a peace of revenge and hate, of economic prostration, and fear to the point of insanity.

It would be criminal carelessness to pay no attention to these realities of the European situation. It is not statesmanship to let our emotions rush us to the conclusion that because Hitler and his regime are—and I say it frankly—evil, there is nothing for us to do but assist in annihilating them with bombs and artillery. Bombs and artillery will not remove the fundamental economic and social causes which produced Hitlerism.

This war is also a struggle for empire, comparable in every way to the long imperial wars by which England ousted France from world empire, and, before that, France ousted Spain. These titanic struggles are not settled in a few years, and not even by apparent victory in one war. They are conducted not only through war but also through peace; and there is no man on earth today so wise that he can know infallibly each turn to take in the maze ahead, much less know them all in advance.

In the midst of the revolutionary forces unfolding before us, it would be suicidal for us to dissipate our manpower, our resources, our democracy, in a struggle in Europe. Rather we must preserve our own institutions which at this time is a tremendous task in itself.

Not for one minute can we afford to lose sight of our American interest, our own national welfare. We may be sure that if we are not going to be jealous of our own national interest, that interest is not going to be served from London, Berlin, Paris, or Moscow.

Our national interest dictates that we stay out—all the way out—of the European mess, her own mess; a mess of her own making; that we decline to repeat that folly of another day; that we build our own strength, fortify our own democracy, and make ourselves ready really to help Europe when, perhaps crushed and bleeding, she will need a friendly and impartial and strong hand, not of war but of peace, from the United States.

#### RECESS

Mr. BARKLEY. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 6 minutes p. m.) the Senate took a recess until tomorrow, Saturday, October 14, 1939, at 12 o'clock meridian.

## HOUSE OF REPRESENTATIVES

FRIDAY, OCTOBER 13, 1939

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Thou Lover and Saviour of men, to Thee we lift our hearts in prayer and adoration. As Thou knowest us altogether, we pray that if faith overcometh the world and is the victor, endure us with that faith; if it is better to minister than to be ministered unto, give us the will to do it; if love is better than hate and will help us to bear all things and endure all things, O give us that love. Merciful Father, comfort the sick; smooth every pillow of pain and quiet those who long for the morning. Bless Thy servants who sit in these places of responsibility and opportunity and all those who labor in quiet ways in the daily rounds of uneventful duty. In the name of our Redeemer. Amen.

The Journal of the proceedings of yesterday was read and approved.

ONE HUNDREDTH ANNIVERSARY OF THE BIRTH OF THOMAS BRACKETT REED

Mr. OLIVER. Mr. Speaker, I ask unanimous consent to proceed for 2 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Maine [Mr. OLIVER]?

There was no objection.

Mr. OLIVER. Mr. Speaker, foreign news releases are constantly reminding and bringing vivid evidence to our attention in this peace-loving and liberty-dedicated Nation of ours that legislative and parliamentary processes and

principles of government are fighting desperately for existence with their backs to the wall all over the world. The Members of this great deliberative body are fully cognizant of the vital crisis which is presented to us in this development which may well mark the most retrogressive period of the world's history.

Therefore, it is particularly appropriate at this time that the attention of the Members of this House be called to the date, October 18, which falls on Wednesday next. This date marks the one hundredth anniversary of the birth of Thomas Brackett Reed, who was a Member of this body for 22 years and who was Speaker of the House for 6 years. Thomas Brackett Reed was recognized as the outstanding parliamentarian of the entire world of his time, and his memory will ever be renowned for the constructive work and for the important changes which he innovated in the parliamentary and procedural routine of this great legislative body.

It so happens that I personally shall not be able to be present on October 18, because it is necessary for me to arrange the proper observances for a ceremony in his memory in Portland, Maine, the city of his birth. At the appropriate time I shall provide for the introduction of a resolution for the supplying of a permanent memorial whereby the present generation and posterity as well may be constantly reminded of the life and public services of this great patriot. However, I should be most remiss in my duty if at this time I did not arrange for time for suitable references on the floor of this House which Members may care to make on Wednesday. Therefore, Mr. Speaker, I ask unanimous consent that such time as may be required may be set aside on Wednesday, October 18, for addresses in memory of the works and the life of that great statesman and American, Thomas Brackett Reed.

The SPEAKER. The gentleman from Maine [Mr. OLIVER] asks unanimous consent that on Wednesday next, after the reading of the Journal and disposition of other official matters on the Speaker's table, such time as may be necessary shall be set aside for memorial services in commemoration of the one hundredth anniversary of the birth of Thomas Brackett Reed, late a Speaker of the House of Representatives. Is there objection?

There was no objection.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. PIERCE of Oregon. Mr. Speaker, I ask unanimous consent that on Thursday next, after the reading of the Journal and disposition of business on the Speaker's desk, I may be permitted to address the House for 30 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Oregon [Mr. PIERCE]?

There was no objection.

#### EXTENSION OF REMARKS

Mr. BURDICK asked and was given permission to extend his own remarks in the RECORD.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. MAPES. Mr. Speaker, I ask unanimous consent that on Thursday next, after the disposition of business on the Speaker's table and at the conclusion of previous orders heretofore entered, the gentleman from Wisconsin [Mr. JOHNS] may be permitted to address the House for 45 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. MAPES]?

There was no objection.

Mr. REED of New York. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. REED of New York. Does the Chair expect that Congress will be in session on next Tuesday?

The SPEAKER. The Chair will refer that matter to the acting majority leader the gentleman from Texas [Mr. THOMASON].

Mr. THOMASON. In answer to the inquiry of the gentleman from New York [Mr. REED], I may say that I am quite sure it would be satisfactory on this side to adjourn from



Monday to Thursday. I suggest the gentleman inquire of the gentleman from Michigan [Mr. MAPES].

The SPEAKER. There are some special orders for Wednesday next.

Mr. REED of New York. I am asking for information in order to accommodate myself.

Mr. THOMASON. I understand from the Speaker's remark just made that there is a special order for Tuesday or Wednesday.

Mr. REED of New York. I ask unanimous consent that, after the reading of the Journal and disposition of other business on the Speaker's desk, I may be permitted to address the House for 15 minutes on Tuesday next.

The SPEAKER. The Chair calls the attention of the gentleman to the fact there is one special order pending.

Mr. REED of New York. Following that speaker.

Mr. MILLER. Mr. Speaker, I would be willing to yield to the gentleman from New York [Mr. REED] and follow him.

The SPEAKER. That matter can be arranged on Tuesday between the two gentlemen as to the priority of speaking. Is there objection to the request of the gentleman from New York [Mr. REED]?

There was no objection.

#### ADJOURNMENT OVER

Mr. THOMASON. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. THOMASON]?

There was no objection.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. HOOK. Mr. Speaker, I ask unanimous consent that on Monday next, after the reading of the Journal and the disposition of business on the Speaker's desk and at the conclusion of previous special orders, I may be permitted to proceed for 15 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. HOOK]?

There was no objection.

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent that, after the gentleman from Michigan [Mr. HOOK] concludes on Monday next, I may have 10 minutes to address the House.

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. HOFFMAN]?

There was no objection.

Mr. CRAWFORD. Mr. Speaker, I ask unanimous consent that, after the other special orders have been disposed of today, I may address the House for 20 minutes on the subject of sugar.

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. CRAWFORD]?

There was no objection.

#### EXTENSION OF REMARKS

Mr. ANGELL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a statement of fact on the effect of section 2 (a) of the proposed neutrality law on Pacific Coast States.

The SPEAKER. Is there objection to the request of the gentleman from Oregon [Mr. ANGELL]?

There was no objection.

Mr. LEWIS of Ohio. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an article appearing in this month's Readers' Digest.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. CARTWRIGHT. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein one of my own highway speeches.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. VAN ZANDT. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a radio address delivered by me.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. THORKEKELSON. Mr. Speaker, I ask unanimous consent that at the conclusion of the special orders for today heretofore entered I may be permitted to address the House for 30 minutes.

Mr. HOFFMAN. Reserving the right to object, Mr. Speaker, is that today?

The SPEAKER. Today. Is there objection to the request of the gentleman from Montana?

Mr. HOFFMAN. No. I ask that the time be made 35 minutes instead of 30, Mr. Speaker.

The SPEAKER. Is it agreeable to the gentleman from Montana that the request be so modified?

Mr. HOFFMAN. Mr. Speaker, I withdraw my request.

Mr. THOMASON. Reserving the right to object, Mr. Speaker, may I inquire of the gentleman from Montana if during the course of his remarks he will yield for questions?

Mr. THORKEKELSON. I have always followed that practice, and I shall be pleased to do so.

Mr. THOMASON. The gentleman does expect to yield, then, during the course of his remarks today?

Mr. THORKEKELSON. I do.

The SPEAKER. Is there objection to the request of the gentleman from Montana?

There was no objection.

The SPEAKER. Under a previous special order of the House, the gentleman from Michigan [Mr. WOODRUFF] is recognized for 20 minutes.

#### LET US KEEP OUT OF WAR

Mr. WOODRUFF of Michigan. Mr. Speaker, history has a way of repeating itself. The human family over and over and over again repeats the mistakes of yesterday and suffers the same punishments and remorse of those who made those mistakes in the past.

I venture the statement here today that no intelligent citizen can read the history of the developments that led us into the World War in 1917 and not be shocked to the depths of his being by the exact similarity of arguments and the exact parallel of developments during the years 1914 to 1917 and those of the present time, even to the difficulties in Mexico.

In discussing here today the question of keeping the United States out of war, I want to make it clear that I am not discussing it from the standpoint of any legislation which may be pending in the United States Senate. I want to take a broader, more comprehensive view of the whole question, because in the finality we must face this fact, that if there is a will on the part of the executive department of the Government to take us into war, that fateful step may be taken in spite of all the Congress can do.

Mark you, sir, I am not here charging that the will and the motive to take us into the war exist in any part of the executive department at this time. What I am endeavoring to say is that, even though the will to stay out of war be just as sincere and intense on the part of the executive branch of the Government as it is on the part of the legislative branch, the way is still so deceptive, so full of pitfalls and allurements, that we may find ourselves in a position where we can slip over the abyss and into the conflict almost without being conscious of the events that precipitated that development.

Mr. Speaker, it is generally believed in this country today, and that belief is being nurtured and encouraged by public statements by presumably responsible individuals, that Germany did not hesitate to sink our ships before we entered the World War and while we were still at peace. The implication is always added, of course, that she would not hesitate to do so now. I have not always seen eye to eye with Gen. Hugh S. Johnson, but he rendered this country a real service when he pointed out in his newspaper column recently that the only

American ship sunk by the Germans with a loss of American lives before we severed diplomatic relations with Germany was the *Gulflight*. But as General Johnson points out, the *Gulflight* at the time she was sunk was traveling with a belligerent British convoy. Because of this fact she was fair prey under every concept of international law.

As I said a moment ago, no one can read with an open mind the history of the developments leading up to our entrance in the World War and not perceive in our present course a shocking similarity.

As the Washington Daily News pointed out recently in an editorial, the developments which preceded our entry into the last war were roughly as follows:

The war started in 1914 and at that time the question of credits to foreign belligerents arose exactly as it exists today in the 90-day clause in the legislation pending before the Senate. It is all well enough to say that the 90-day credit is the usual commercial practice in international trade, but it is not the character of dealings we engage in with belligerents at the start that seems important or dangerous. It is the character of the dealings which evolve step by step and day by day until we find ourselves enmeshed with our money and our men in a world conflict.

#### THE DEADLY PARALLEL

You will recall that when the war began in 1914 President Wilson proclaimed neutrality. The French sought to enlist the aid of New York bankers to float a \$100,000,000 loan in the United States. The then Secretary of State, William Jennings Bryan, acting for President Wilson, announced the doctrine that loans to belligerents would be "inconsistent with the true spirit of neutrality." He further declared "money is the worst of all contraband, because it commands everything else." In that statement Secretary of State Bryan laid down a profound truth which is just as true today as it was the day it was uttered, and which had been as true since wars began.

The New York bankers then inquired if it would be permissible to make arrangements for the French to buy American goods on credit. The then counselor of the State Department, Robert Lansing, visited the White House and succeeded in persuading the President that although "loans" might be dangerous, "credits" were different.

President Wilson made his fatal mistake at this point. He assented to this view. The Allies started buying goods from us. By September 1915 these credits had operated in such a way that Mr. Lansing, who by then had become Secretary of State, sent President Wilson a confidential letter explaining how credits had operated that current year to give us an excess of exports to Europe over our imports from Europe of about \$2,500,000,000. Secretary Lansing in gentle, diplomatic language wrote the startling news to Mr. Wilson that our foreign debtors did not have the gold to pay their debts.

He pointed out that if payment were demanded Europe would be thrown into a "general state of bankruptcy," and he further called the President's attention to the fact that in America "industrial depression, idle capital, and idle labor, numerous failures, financial demoralization, and general unrest and suffering among the laboring classes" would result.

It was then that Secretary Lansing advised President Wilson to reverse the no-loan policy. "Our financial institutions," he argued, "have the money to loan and wish to do so." He further argued that we must maintain the credit of the borrowing nations, and that the result of this maintenance of the credit of foreign belligerents would be to continue our commerce "at its present volume \* \* \* with the consequent employment of capital and labor and national prosperity."

At this moment there rings out from my memory these words spoken by President Roosevelt before the Congress on September 21 last in this Chamber:

From a purely material point of view, what is the advantage to us in sending all manner of articles across the ocean for final processing there when we could give employment to thousands by doing it here?

In that other day, Secretary Lansing said to President Wilson:

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Can we afford to let a declaration as to our conception of the true spirit of neutrality, made in the first days of the war, stand in the way of our national interest, which seems to be seriously threatened?

I might say that at this moment the administration is saying to this Congress:

Can we afford to let a declaration as to our conception of the true spirit of neutrality, the embargo on arms and munitions of war adopted in 1935, 4 years before the beginning of this war, again confirmed in 1937, stand in the way of our national interest which seems to be seriously threatened?

Mr. Speaker, we have here an exact and deadly parallel case of reasoning and argument.

In his day Mr. Lansing had his way with the President. Mr. Wilson agreed that from a purely material point of view and to continue the employment of capital and labor, it would be well to reverse the no-loans policy and maintain the credit of the borrowing belligerent nations. One month later the first \$500,000,000 Anglo-French loan was floated by a syndicate headed by J. P. Morgan & Co.

Now, Mr. Speaker, what was the next step—the next natural, inevitable, and inescapable development, one which will be repeated under like circumstances in the future? It was this:

On March 5, 1917, our Ambassador to the Court of St. James, Mr. Page, advised the State Department that a world financial crisis was imminent. He said the Allied governments had to have immediately more money than any private agency in the United States could possibly provide, and that unless the money was forthcoming the great volume of Allied purchases from the United States would "be reduced to the lowest minimum" and "there may be a world-wide panic for an indefinite period." It seemed then to him that the United States Government itself must step in and make tremendous loans to the Allies to keep them going. To do this, Ambassador Page admitted, would be tantamount to a declaration of war against Germany, but he added, "Perhaps our going to war is the only way in which our present preeminent trade position can be maintained and a panic averted."

Again we hear an echo in this Chamber, "From a purely material point of view, what is the advantage to us in sending all manner of articles across the ocean for final processing there when we could give employment to thousands by doing it here?"

#### THE BLACK PAGE OF HISTORY

On April 2, 1917, less than 1 month after hearing from Mr. Page, President Wilson appeared before a joint session of the Congress and asked that the Congress declare war against Germany. On April 4 the Senate assented. On April 6 the House assented and made the declaration of war effective. We then began to pour in our men and our money. All this a few months after Mr. Wilson had been reelected on the slogan, "He kept us out of war."

Now, Mr. Speaker, we all know that black page in the history of the world. We all know the lying propaganda that emanated in a false and filthy stream from both sides in the conflict. We all know the unceasing efforts brought about to get every man and every American dollar possible into the conflict. We know, too, that when our boys had poured out their blood on foreign fields, and after we had poured billions of our money into the war, and when, finally, it was ended, we were given no territory—we neither asked for nor wanted it. We were accorded no gratitude, but we were condemned because we did not get into the war sooner, because we did not send more men. Our repayment for the money loaned to the Allies was the sneering epithet, "Uncle Shylock."

Those debts are unpaid today. They stand repudiated.

Now, Mr. Speaker, when we went into the last war our national debt as of June 30, 1916, was \$1,225,145,000. When we declared peace with Germany our national debt, June 30, 1921, was \$23,976,250,000. If we by some awful mischance get into this present war, we will go into it with a national debt of approximately \$45,000,000,000, and no man can say what our national debt will be if and when we come out of that war. Mr. Speaker, that debt will be so stupendous, the interest on the debt so great, as to constitute an intolerable



tax burden on our people. With this in mind, let our memory go back to the day when the President was a candidate for the high office he now holds, when he truly stated, "Taxes are paid in the sweat of the man who labors." Can the man who labors continue to exist if the present tremendous tax burden he bears is doubled or tripled, as it probably will be if we permit ourselves to be beguiled into another war which does not concern us?

Mr. Speaker, all Europe will, in all probability, within the next few weeks, again be ablaze with war—the most horrible war the world has seen.

Millions of young men in the ranks will die. Millions of others with broken bodies and shattered minds will remain to become a burden to themselves and to those among whom they live. We know from what has already happened that neither the women nor the children, the old nor the young, are to be spared.

It is estimated that there were nearly 40,000,000 casualties as the result of the last World War. Murdering devices had not then been perfected to their present-day efficiency. How many more than 40,000,000 are to die or to be wrecked in mind or body because of the present war madness which has seized upon the leaders of central Europe no one can tell.

With all the world a tinder box, we Americans should let our minds review the history of the past quarter century, giving special attention to our experience in trying to "make the world safe for democracy."

Conditions and propaganda are now strangely reminiscent of those other days. Let us remember that the present war is not our war. It is a war among peoples who have been warring upon each other so long as recorded history gives us information of them. Regardless of which side wins, other wars among those nations will follow as surely as day follows night. Our participation in the present one cannot change this. We now know from our experience in the last war that the battle "to make the world safe for democracy" was instead a battle to satisfy the greed of nations, a battle to assure profits.

#### LET US REMEMBER

Let us remember the Versailles conference and the treaties growing out of that conference.

Let us remember that many nations were represented there, among them this Nation.

Let us remember that every nation with the sole exception of the United States of America was there with greedy hands and heart, seeking and securing indemnities and territory.

Above all, let us remember that we and we alone asked for not one cent of indemnity, not one foot of additional territory.

Let us remember that we, and we alone, asked only that the peoples of the world live at peace with one another.

Let us remember also the 40,000 American boys killed in action in that war; let us not forget the 14,000 who died of wounds received in action, of the 192,000 wounded, or the 76,000 who died of disease, accident, or other causes.

Let us remember the more than 100,000 veterans who have died since the war, many of them the victims of their service.

Let us not forget the nearly 350,000 World War veterans who today, because of disabilities arising from their service, are receiving compensation from a grateful Government.

Let us remember the 41,000,000,000 of America's hard-earned dollars that were poured into that war to bring peace and security to the peoples of the world.

Let us never forget the utter futility of all our expenditures and sacrifices.

Let us not forget that our present unemployment, our reduced standard of living, the high taxes we now pay, and must in the future pay, are largely the result of our mistaken attempt of 20 years ago to "make the world safe for democracy."

Let us remember that if we indulge in another adventure into Old World intrigues and wars the price we will pay for that insanity will make the price we have paid, are now paying, and must in the future pay for the last one seem modest, indeed.

Let us understand once and for all that we can stay out of the present European war if we have the will to do so. Let us not be misled by the propaganda that will flood the country in the months to come. Let us just remember that we cannot correct the evils, the selfishness of individuals and of other nations, try as we will.

We can, however, preserve the peace of this country. That is our big job. We can accomplish this if we keep our heads and remember the priceless teachings of history.

#### ISSUES OF LIFE AND DEATH

Mr. Speaker, the issues here are the issues of life and death for millions of our men and women. The issues here are the issues of the continuity or the utter ruin of our great American experiment of a constitutional republic. The issues here are the issues of our entire economy. They are the issues of chaos and suffering, and a return to the law of the jungle, and the utter destruction of civilization as we now know it.

These are the issues, Mr. Speaker, which confront us, and I say to you this is no time for a veneer of politeness. It is no time for soft words and pleasing sentences. It is no time to close our eyes to realities. The time is here for the people of this Nation to look these stark, horrifying facts in the face and determine how best we can stay aloof from the conflicts of continental Europe, and of the Far East, and maintain our own Nation in civilization in some semblance of peace and prosperity.

Mr. Speaker, I do not want to refer to my own personal history in this matter any more than to say that I volunteered to serve this Nation in two wars. By reason of that fact I think I may say that I cannot be justly accused of being a peace-at-any-price advocate, but I say to you that not only is peace the wisest course, but it is the cheapest course, and whatever material price in dollars and cents we pay in trade for staying out of this war will be a far cheaper price than we will have to pay for getting into it—and that to say nothing of the cost in human lives, human suffering, wrecked bodies and minds, widowed mothers, and orphaned children.

It is time for plain talk. By that I do not mean acrimonious debate, partisan disputations, or personal abuse. I concede that men may honestly differ in their views as to how best we may stay out of war, but I do not concede that there is any valid argument as to why we should get into this war, or any foreign war.

Let us not delude ourselves. You know and I know that if this war continues the pressure that will be brought to bear upon us to get into it will be intense beyond conception. All sorts of incidents, so-called, such as the sinking of some of our ships or the destruction of property of nationals, will be perpetrated, either by those who wish to blame such things on the enemy and land us in on their side or by the nationals and soldiers of those countries which hate us.

#### YOU AND I KNOW

You and I know, Mr. Speaker, that there will be pressure applied to this country to grant credits to foreign countries. You and I know, Mr. Speaker, that if those credits are granted they will never be repaid to us any more than the now defaulted war debts of the last war have been paid.

You and I know, Mr. Speaker, that when we get our money in the form of loans and credits, then will come again the plea, the cry of desperation, as it came in 1917, that our creditors are bankrupt, and that if we ever expect to get our money back we must send our men in.

You and I know, Mr. Speaker, that if that ruse does not work there will come again, as in 1917, the cry that England and France are being beaten to their knees, and that as soon as they are conquered the Huns will be ravaging the shores of America.

You and I know, Mr. Speaker, that if we put our men and money into this conflict, if civilization survives at all, we will get out of the war precisely what we got out of the last one—nothing but abuse, hatred, ingratitude, and repudiation of what they owe us.

If it were possible for the United States to get into this war and actually fight a war to end all wars, or actually fight a war to make the world safe for democracy, and if those ends

could be accomplished thereby, we might then consider entering the conflict in spite of its enormous cost in blood and treasure. But, Mr. Speaker, I challenge any Member of this body to rise in his place and show any evidence whatever that will prove, or even indicate, that our going into this war will have any effect in making the world safe for democracy or even with putting an end to the thousands of years of quarrels and wars of the peoples of continental Europe.

Anyone who will study fairly and open-mindedly the distribution of minorities in the countries of Europe will be convinced of that which the foreign diplomats have always known and now know, namely, that Europe has problems which have never arisen in America, which never will arise in America, and which we cannot even understand, because they are so entirely remote from our geographical, our social, our religious, our political, and our economic concepts and conditions in the United States of America.

Of course, nobody at this particular moment will admit they want us to get into this war. I do not intend to discuss this phase of the question today, but I leave to your own common sense and judgment as to whether or not there are elements—and not inconsiderable elements—who do want us to get into this war for a variety of reasons.

Already we are beginning to hear the complaint that if we keep American ships out of the danger zones that more than a half of our tonnage must be tied up at the docks.

#### THE COST OF WAR

Mr. Speaker, I say to you that it is not only stupid, but it is criminal to attempt to measure our possible economic participation in this war in terms of profits. There is no such thing as war profits for any country or for the nationals of any country. What war and the destruction of war do not take while the war is going on, necessary taxation after the war will consume. For every dollar anybody can make out of the war the tax gatherer will in the future take a hundred or more.

Let me quote you a few figures from the last war.

The estimated money cost of the World War to the United States Government to June 30, 1934, was more than forty-one and one-half billions of dollars, as shown by the Annual Report of the Secretary of the Treasury for the fiscal year ending June 30, 1934. Of course, the cost of the last war is not ended by any manner or means and will not be ended until the last individual two- or three-score years hence ceases to draw a pension.

Not only did the war cost us that much in dollars for actual outlay, but the World War was responsible for the depression, which has cost the people of this country far more than the actual cost during the conflict.

Think of this, Mr. Speaker: More than 5,000,000 men and women died in the World War on the side of the Allies. Including the fatalities among the Central Powers, more than 8,500,000 human beings were butchered to death. Almost 13,000,000 men and women were wounded on the Allied side during the war, and, with those of the Central Powers, a total of more than 21,000,000 human beings had their bodies blasted or their minds wrecked, or both, for the rest of their lives. The total casualties of the last war, Mr. Speaker, as of June 1928, were nearly 37,500,000 people, and nobody knows how many more would be disclosed if a toll had been taken of the civilian population and those who died through fear and grief were charged up to that war. Sherman said, "War is hell." Why, Mr. Speaker, war is a double concentrated essence of hell, and we want none of it.

#### WE MUST BE ON OUR GUARD

We must be on our guard in this Nation that the blaring of bands and the waving of flags and the lofty platitudes of the orators and the emotionalism aroused by cunning propaganda do not blind us to that awful toll of nearly 40,000,000 casualties. The human costs and the more than forty-one-and-one-half billion-dollar costs to our Nation alone, out of which this country got nothing but misery, agony, disillusionment, hatreds, and now another war.

I want for a moment, Mr. Speaker, to consider the favorite theme song of the pro-war propagandists. They keep telling

us over and over and over again that unless we go to the assistance of the British Empire and France and her colonial possessions in this war that Germany will beat the Allies to their knees, require them to turn over their naval and air fleets, and man and gun power, and that immediately after those victories the Germans will be shelling the cities on our shores and will be at work reducing us to a state of vassalage. Poppycock! I would like to ask if there is a Member of this body who believes any such poppycock as that. Why, Mr. Speaker, in a finish fight between the British Empire and France on the one side, and Germany, Russia, and even Italy on the other, the final result probably will be stalemate with all the belligerents bled so white of manpower and money power, and with their peoples so utterly bereft of morale, that all of them combined could not, as Lincoln once said, "Take a drink from the Ohio River or make a track on the Blue Ridge in a trial of a thousand years."

If we intend to help a bewildered and dazed world back onto the highway of sanity, peace, good will, and prosperity, the only way in which we can do it is to stay out of this war, be prepared in kindness and brotherly love to bind up the wounds of the war-torn nations, and, above all, make democracy work so well in this Nation that those peoples cursed by the rule of dictators will want our kind of democracy too.

#### WHAT IS WAR?

In conclusion, Mr. Speaker, let me say to you that when we talk of going to war we are talking about sending the flower of our manhood and womanhood into foreign fields and trenches, into the hell of mud and slime, and the stench of death and decomposing mangled bodies hanging on barbed wire while vermin feast upon the bodies of the living and trench rats feast upon the bodies of the dead. That is what we mean, I say, when we talk of war. Mr. Speaker, the flags are beautiful as they wave in the breeze while thousands of uniformed young Americans with the rhythm of marching feet pass in review. The music of the martial band is inspiring and beautiful, the call of the massed bugles is beautiful in the autumn air, the cheers and the tears are all romantic, but, sir, war is not blaring bands, it is not waving flags, it is not clean, bright-faced uniformed boys marching rhythmically in parade.

War, Mr. Speaker, is the utter fatigue of sleepless nights; it is the utter misery of cold and wet and muddy trenches; it is the gnawing hunger that goes for days unfed; it is the miasmatic stench rising from the mud and mangled bodies of man and beast in the no-man's land of the battlefields. It is orphaned children. It is widowed mothers. It is bereft parents. It is men gone insane with hatred, fear, and suffering while God's sunlight is blotted out from the battlefields by the smoke of belching cannon and bursting bombs.

That, Mr. Speaker, is war; and again I say we want none of it. [Applause.]

The SPEAKER. Under a previous special order of the House, the gentleman from Michigan [Mr. CRAWFORD] is recognized for 20 minutes.

#### SUGAR

Mr. CRAWFORD. Mr. Speaker, what I shall have to say in the next few minutes will probably not be of interest to anyone of you here except those who represent sugar-beet-growing areas and who believe in diversification of the beet-sugar culture as it is woven into the farm operations of this country.

My remarks have to do with a piece of Government propaganda which was released in the form of a Consumer's Guide bulletin under date of June 1939, page 11, in an article entitled "A Quiz on Ice Cream." The particular language to which I refer is this:

The Federal Government's buying specifications require that ice cream contain at least 12 percent butterfat, at least 16 percent of sucrose (cane sugar), and not more than one-half of 1 percent high-grade gelatin.

The insistence on cane sugar is aimed at the possible substitution of other kinds of sugar for cane. The other varieties are less sweet than sucrose, and therefore must be used in larger amounts. Ice cream made from these other sugars must be kept at lower temperatures.



Mr. Speaker, this case now before us shows how highly destructive a Government propaganda agency can be to our individual free enterprise, upon which the Government depends for its revenues to carry on the activities of government itself. In this case the bureau in question is acting as a consumers' counsel, telling the consumer what to do. It issues a cold-blooded statement which in no way squares with the facts, and the effect of the statement destroys the productive interest of one group in favor of another group which may or may not have closer contact with agency of propaganda. If counsel is to be given, then that counsel must stick to the facts and at no time be controlled by a given branch of industry and thus give service to one group and at the same time destroy another group.

This agency, functioning as a branch of Government, had access to all of the facts. There was no reason for acting in the realm of doubt. The experts could be reached by telephone or by personal contact; and, as a matter of fact, I have been informed that some of the experts actually reviewed the language before the release was made. If this be true, it only emphasizes the importance of what I have said.

I defy the Consumers' Counsel, or any of the others on his staff, which intermingles New Deal propaganda with data in articles bearing titles bound to attract general public interest, to show me anything in the Federal Government's buying specifications which require cane sugar in the manufacture of ice cream or to show me where the word "cane" appears in the specifications.

I hold here in my hand the Federal Government's buying specifications, more correctly identified as EE-I-116a, being the Federal Standard Stock Catalog on Federal specifications for ice cream, sherberts, and ices.

The catalog, which is current, and which I obtained from the Procurement Division of the Treasury today, was issued on April 20, 1939, and the article did not appear until June 1939. If the Consumers' Guide wanted to present the facts, why did not they get a copy of the specifications; or, if they did possess a copy, why did not they print the truth?

Ice cream specifications are given in paragraph E entitled "Detailed Requirements." It states this, which does not conform to the statements I have just read from the Consumer's Guide:

Ice cream shall be the pure, clean frozen product made from sweet cream, milk or milk products, sugar and harmless flavoring, with or without certified food color, with or without gelatin and/or other edible stabilizers, and with or without eggs. Flavors may include vanilla, chocolate or cocoa, caramel, almond, coffee, mint, maple, butterscotch, or other approved flavors; fruits may include strawberries, pineapples, peaches, cherries, bananas, figs, raspberries, or other approved fruits; nuts may include walnuts, almonds, filberts, chestnuts, pistachio, or other approved nuts; and confections may include macaroons, sponge cake, marshmallows, candy, etc.; as may be called for in the invitation for bids. The flavor of the finished products shall be pleasing and characteristic of the flavor specified in the invitation for bids. The finished product shall contain not less than 14 percent by weight of sugar—

And so on. Compare these notes when you have access to the RECORD, and see the absolutely erroneous information and the misrepresentation of fact which is contained in the Consumer's Guide. This bulletin is issued by the Agricultural Adjustment Administration and paid for by the taxpayers of the United States, including those who farm in the sugar-beet growing areas of the Northwest and the Central West.

Going on to some of these other specifications, I now refer to Federal Standard Stock Catalog Z-P-631 of March 31, 1931, giving detailed requirements with reference to preserves, fruit, which, according to this catalog, "shall be made from not less than 45 percent fruit, and not more than 55 percent sugar (sucrose)."

Nothing is said about cane sugar.

Catalog Z-P-191 of May 26, 1931, dealing with canned peaches, states:

Cans shall be well filled with fruit, which shall be packed in clear sugar (sucrose) sirup testing not less than 24° Brix at time of cut-out at a temperature of 60° F.

Nothing is said about cane sugar.

Catalog JJJ-S-791 of March 31, 1931, dealing with sugar, beet or cane, for use by the Army, Navy, and other Govern-

ment departments, under the heading "Material and Workmanship," states:

Shall be a pure product obtained only from sugarcane or sugar beets, and manufactured under modern sanitary conditions. Shall be free from any deleterious material or contamination from any source.

The Government standards call for sugar, beet or cane. There is no discrimination between the two commodities.

Standard Stock Catalog Z-J-191, of March 31, 1931, covering jellies, fruit, states this, and these are specifications of the purchasing departments of the Government:

#### TYPE, VARIETIES, AND GRADE

Jelly shall be of the type prepared from fruit juice (or, where applicable, strained water extract) and sugar (sucrose), in approximately equal proportions of such fruit juice (or strained water extract, when applicable) and sugar (sucrose).

Nothing is said about cane sugar as against beet sugar.

The War Department does not differentiate between cane and beet sugar when it purchases sugar for the use of the Army. It merely advertises for sugar. The same is true in the Navy Department. Their specifications can be, and are, met by both beet and cane sugar.

I have had the research division of the Library of Congress searching for some official evidence that cane sugar is better for ice cream than beet, or for any other general purpose. They could not find such a report but on the contrary advised me authorities in the Bureau of Home Economics of the Department of Agriculture informed them there was no difference in the food value.

The Food and Drug Administration, now formulating ice-cream standards, informs me beet and cane alike qualify for ice-cream standards.

In another bulletin published by the Department of Agriculture, Farmers' Bulletin No. 1637, we find this language at the very beginning of the bulletin:

Sucrose, the sugar of commerce and kitchen, is extracted from the tissues of the sugar beet and the sugarcane. Whichever plant it comes from, the product, when pure, is identical in all properties and for all purposes.

A recent study has just been released by the United States Department of Agriculture, Bureau of Agricultural Chemistry and Engineering, made by Mr. E. K. Ventre and Mr. S. Byall and Mr. H. Hall. These studies were put into operation several years ago. It was my good fortune to have a part in establishing the studies. They are highly technical and of interest to research students and those who are engaged in manufacturing that which requires the technical use of sugar.

The American Canners' Association have laid down specifications as to the type of sugars that will meet their requirements for the canning of fruits and vegetables, and in quoting from this report I shall show the specifications which they have published for manufacturers of sugar with reference to the total aerobic thermophilic spores that may be contained in sugar sold for the use of canners.

For the 5 samples examined there shall be a maximum of not more than 150 spores and an average of not more than 125 spores per 10 grams of sugar.

For the aerobic flat sour spores—and, incidentally, these spores are the things that cause spoilage in fruits and vegetables after they are canned—of the 5 samples examined, there shall be a maximum of not more than 75 spores and an average of not more than 50 spores per 10 grams of sugar.

For the anaerobic sulfide spoilage spores there shall be present in not more than two—40 percent—of the five samples and in any one sample to the extent of not more than five spores per 10 grams of sugar.

For the anaerobic thermophilic hard swell spores there shall be present in not more than three—60 percent—of the five samples and in any one sample to the extent of not more than four—65-plus percent—tubes—method for testing.

This has to do with the method of testing.

This report, which was published as late as August 1939, deals specifically with tables on pages 11 and 12 of the report and shows that out of 77 samples of beet sugars drawn that with reference to the flat sour spores 43 samples do not even show a trace, although the canners' specifications provide

there may be up to 75 spores, or an average of not more than 50 spores for 10 grams of sugar.

Therefore with the thermophilic spores test and the aerobic spores test and the anaerobic spores test all samples met the test with the exception of three samples. They were Nos. 3816, 3835, and 3867.

Those who are familiar with the technical use of sugar know very well that these spores often get into the sugar after the sugar leaves the factory.

Mr. SMITH of Ohio. Mr. Speaker, will the gentleman yield at that point?

Mr. CRAWFORD. I yield to the gentleman from Ohio.

Mr. SMITH of Ohio. Is it not a fact that the American white sugar is more highly refined than imported white sugar?

Mr. CRAWFORD. Yes; that is true because of the methods used in purifying and in processing; that is, extracting the sugar from the cane juice, because your imported sugars are brought from sugarcane areas.

Mr. SMITH of Ohio. And the gentleman is speaking now of white sugar?

Mr. CRAWFORD. I am talking about white sugars; yes.

Mr. SMITH of Ohio. With respect to those numbers the gentleman refers to, the gentleman does not know whether that is imported sugar or whether it is American sugar?

Mr. CRAWFORD. These numbers I am dealing with today are strictly beet sugars.

Mr. SMITH of Ohio. Then let me ask the gentleman this question: There is then a differential, and we do have a more highly refined sugar than the imported white sugar; and is that differential taken into consideration in fixing the tariff on imported sugars?

Mr. CRAWFORD. I do not believe it is, because the purification test on the imported white sugars from the offshore areas as tied into the tariff law, in my opinion, does not cover that fine point. As you step up the degree of purity in your raw sugars that are imported into the country under your tariff laws you will find that that is taken care of. In other words, it costs more to refine the white sugar that is turned out—that is the grade I mean—from the beet-sugar mill as set forth in this analysis than it would cost to turn that sugar out if it met only the purification characteristics of the imported white sugar that comes in from our offshore areas. So to that extent I would say that the gentleman's position is correct, and that that is something that should be taken into consideration in the wording of a tariff law.

Mr. SMITH of Ohio. And that leads to another question. We could reasonably infer, then, that it is costing us more to refine our sugar than it is the sugar refined in the countries from which we import sugar.

Mr. CRAWFORD. In the offshore areas, yes; because of the method used in the process.

Mr. SMITH of Ohio. Does the gentleman consider that an important factor to be taken into consideration?

Mr. CRAWFORD. I do; because the theory of your tariff is to provide for the difference in the cost of production. You might say, What causes that? In the islands they use the vegetable-filtering compound, while in the seacoast refineries they use the bone char filtering compound. The initial cost of putting in the bone-char equipment is so much greater than for putting in the vegetable-filtering equipment that it enters into the proposition from the standpoint of fixed capital. You can renew your supply of vegetable-filtering compound, I believe, for less cost than you can renew your bone-char filtering compound.

Mr. CLEVENGER. Mr. Speaker, will the gentleman yield?

Mr. CRAWFORD. Yes.

Mr. CLEVENGER. If we were to step over to one of our Connecticut Avenue shops and buy some of their most expensive imported confectionery or some food, would that be made of cane or of beet sugar?

Mr. CRAWFORD. The chances are 99 out of 100 it would be made from beet sugar, and here is the reason for that. Back about 1812 Napoleon established the beet-sugar industry in France, and made it an obligation on the part of the

people to produce beet sugar and to consume it. That went on up to the point where they exported it. So did Germany. Germany developed a great beet-sugar industry.

Mr. CLEVENGER. And millions of those people have never tasted cane sugar.

Mr. CRAWFORD. Tens of millions of people in central Europe have never seen a pound of cane sugar, because it is practically commercially prohibited from coming into all of the beet-sugar areas of Europe. They have produced a great deal of sugar and they have exported lots of sugar.

Mr. CLEVENGER. So that beet sugar has met the test, thousands of them, from the candy manufacturers and the ice-cream manufacturers to everyone else.

Mr. CRAWFORD. Yes; from the candy and ice-cream manufacturers and the vegetable canners and the confection manufacturers, and so on down the list, and any technical man who takes a report of this kind and studies it sees immediately why it does meet the test, and in the years gone by I have gone into the laboratories of the manufacturers and consumers of sugar all over the State of Ohio and worked with them on this very problem. I have gone into some places where the manufacturer said, "I cannot use your beet sugar at all." And where did he get that idea? He got it from the propaganda put out, and which was just as highly destructive to the beet-sugar industry as this article here is. I should say this in justice to the Department. They have today admitted to me that this is an erroneous statement, and they state that they propose to correct it, and they should correct it; but this shows how you have to guard the operations of these departments when they start putting out propaganda in behalf of Government bureaus and Government operations.

Mr. CLEVENGER. Would the gentleman say that this is just another piece of the age-long struggle to stigmatize beet sugar that we face today in the sugar-growing areas and have for years?

Mr. CRAWFORD. I think it is a continuation of it, and you might say, for instance, that the cane-sugar people did not write that article. I do not say they did, but somewhere in the past there was planted in the mind of the person who did write this article the thought that beet sugar is not sucrose, because this article says that the insistence on cane sugar is aimed at the possible substitution of other kinds of sugar for cane, and that the other varieties are less sweet than sucrose. It brings up a technical proposition there and says, in substance, that beet sugar is not sucrose.

Mr. SMITH of Ohio. Mr. Speaker, will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. SMITH of Ohio. Could you tell us specifically who wrote the article?

Mr. CRAWFORD. I cannot give you the name of the party. However, Miss Mary Taylor, editor of Consumers' Guide, frankly admitted this morning the article was prepared in the Department and that the copy was read by some of the so-called authorities in the Department before it went to press.

Mr. SMITH of Ohio. But it is somebody from the Department?

Mr. CRAWFORD. Yes. You can find out exactly who wrote the article by calling the Consumers' Guide Department down there.

As a further example of the apparently consistent effort which is being made by Government bureaus and agencies to destroy the sugar industry of the continental United States, I wish at this time to refer to Bulletin SI-1, entitled "Sugar Beets and the Sugar Act," released on or about the 16th of last July. Its contents consisted of such a vicious attack upon the domestic beet-sugar industry that it became necessary for the Department of Agriculture to suppress it and stop all distribution of the bulletin before the 22d of the month in which it was released. Let me point out, however, that the distribution was not stopped until political pressure from the sugar beet growing areas was brought to bear on the administration. Such steps on the part of Government are a continuation of the program which has been operating



in this country in recent years and which results in a weakening of the private-enterprise system upon which the Government necessarily depends for its revenue. It should be clear to everyone that democracy as we comprehend it cannot exist without our private-enterprise system. The progressive weakening of the private-enterprise system paves the way for a substitution of bureaucratic despotism for the free economy which we have heretofore enjoyed.

Now, here is a further illustration of what is going on. Here is a speech given by Mr. Thurman W. Arnold, Assistant Attorney General of the United States, before the National Petroleum Association. You know, they say sugar and oil do not mix, but they mixed in this case. This was on September 13, 1939, Hotel Traymore, Atlantic City, N. J.

The Assistant Attorney General, in my opinion, went far out of his way to sock the beet-sugar industry right on the head when he made this presentation. Now, remember, this was about the time we were all getting excited a few days ago in connection with advancing prices.

Mr. Arnold says:

To give you an idea of the temper of the people today, I will read a few of these wires, selected at random.

Those are wires that had been sent to the Department about catching the profiteers:

Here is one from the treasurer of a small manufacturing company:

"Profiteering seems to have gotten off to a rapid start with sugar refiners accepting no business and local jobbers asking ridiculous prices. \* \* \* As manufacturers using a fair amount of sugar we are being severely penalized. \* \* \* I believe you in a position to remedy this unfortunate situation."

Here is one from a farmers' union—

The SPEAKER pro tempore (Mr. PACE). The time of the gentleman from Michigan has expired.

Mr. SMITH of Ohio. Mr. Speaker, the gentleman is discussing a very important subject and I ask unanimous consent that his time may be extended an additional 10 minutes.

The SPEAKER pro tempore. Under special order heretofore granted, the gentleman from Montana is entitled to recognition.

Mr. THORKELOSON. I will be glad to take my time after the gentleman has finished.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio that the time of the gentleman from Michigan be extended 10 minutes?

There was no objection.

Mr. CRAWFORD. Then the Assistant Attorney General proceeds to quote another telegram:

Request the Department of Justice to make immediate investigation as to the reason for the sharp advance in prices of sugar. \* \* \* In Michigan local merchants and wholesale grocers complain that they cannot secure sugar from the sugar refineries only in very limited quantities. This being canning season both consumers and producers of vegetables are compelled to suffer. \* \* \* We appeal to you for help in the interests of both producers of fruits and vegetables, and consumers.

Well, what was the situation then? We had a quota law in operation in this country. Friends of mine throughout the country had their warehouses filled with sugar, but the quota law specified that those sugars should not be sold until subsequent to the opening of business January 1, 1940. Of course, the average fellow who did not know the details would assume that if my friend from Iowa, for example, Mr. GILCHRIST, had a warehouse full of sugar and did not offer it for sale, that he was trying to profiteer; but he was carrying out the orders of the United States Government. That grew so bad until planned economy, functioning through Secretary Wallace and the President, canceled the quota law, which they had a right to do. When the quota law was canceled sugar began to move; but the Assistant Attorney General and the Department of Justice, knowing those facts, come along and throw out the impression that all you have got out in the State of Michigan, where I live, is a bunch of sugar racketeers, trying to profiteer on the people of the country. It is not true, of course.

Mr. CLEVINGER. Mr. Speaker, will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. CLEVINGER. In substantiation of what the gentleman has just stated, one of the sugar plants in my district was given a quota as low as 4.74 percent of their last year's production, and no one less than 9 percent. The livelihood of more than 3,000 farmers in my district depends upon sugar. They were allowed to sell less than 9 percent in my district. I give you that in confirmation of what you are saying.

Mr. CRAWFORD. Thank you. This brings down to date conclusive evidence of my opinion that planned economy cannot partly function successfully. If you have planned economy, you have to have it 100 percent. Here is a case where planned economy, put into operation by this Congress, through Government officials, was one or two weeks behind the psychological reaction of our people to the war situation wherein the people wanted to buy. They wanted to buy, and the stocks were not available, because they were tied up in warehouses under the quota law. After the pressure became so great out in the country and people sent in their telegrams to the Department of Justice charging racketeering and profiteering, then planned economy comes along and functions and says, "Let us erase the quota"; but it comes too late.

The harm is already done, according to the Department of Justice, because—I repeat, quoting Mr. Arnold—"it has already taken millions in tribute and has already embarrassed thousands of small-business men." You cannot pull the trigger fast enough. If you are going to have private enterprise on the one hand, you cannot have a successfully operated planned economy at the same time, and this case proves it, in my opinion.

Mr. SCHAFER of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. SCHAFER of Wisconsin. Is it not a fact that sugar is an essential part of our national defense, and that in America we produce less than one-third of the sugar we consume?

Mr. CRAWFORD. When the gentleman says "America," I take it he means the continental United States.

Mr. SCHAFER of Wisconsin. Yes; continental United States.

Mr. CRAWFORD. That is correct.

Mr. SCHAFER of Wisconsin. And is it not a fact that taking advantage of the American people during the last World War the Cuban sugar monopoly raised the price of sugar so that our American consumers had to pay as high as 35 cents a pound?

Mr. CRAWFORD. It resulted in that price being paid by the consumers in this country for refined sugar.

Mr. SCHAFER of Wisconsin. In view of this fact and the new European war, should not the Congress enact legislation to repeal the existing New Deal sugar laws which are adverse to our American sugar producers and consumers, and adverse to a proper American national defense? The New Deal sugar program is beneficial to the great Cuban sugar monopoly which is an important power behind the throne of the New Deal, and which has its spokesmen firmly entrenched in the Government departments. Our American markets should be preserved for our American sugar producers to the full limit of their capacity to supply it.

Mr. CRAWFORD. Here is an illustration, referring again to Mr. Arnold's statement: There is nothing in this statement which referred to the fact that on the outbreak of the war the other day Cuba withdrew from the markets of the United States. Come over to my office and I will show you the market reports which are the accepted bibles of the trade. Cuba withdrew from the United States market; and bear in mind that we depend upon Cuba under this control system the gentleman just referred to for, in round figures, 2,000,000 tons of our annual sugar supply. Cuba, of course, has the technical, legal right to withdraw from the market; but where does it put the consumers of sugar in this country when Cuba does withdraw? It subjects them to such exploitation as may develop under the withdrawal from the market. If England and France bid a higher price for raw sugar in Cuba than you bid, you do not get the Cuban raw

sugar. Cuba can sit there today and play the United States against England and France. She is already doing this, and the price of raw sugar is beginning to work up and up and up; and, as the gentleman from Wisconsin has pointed out, during the last war the price of raw sugar worked up to where it reached \$23.50 per 100 pounds and refined sugar went up to \$35 per 100 pounds on the consumers' table in the central West. I paid \$35 for a 100-pound bag myself, and I was in the business at the time, but the domestic supply was exhausted, and I had to pay that to get it. This illustrates what Cuba can do under the present situation.

The gentleman from Wisconsin asked me if I were in favor of correcting the law so that the farmers of the United States can grow such sugar beets and such sugarcane as they desire to grow toward filling our sugar needs. Is that the gentleman's question?

Mr. SCHAFER of Wisconsin. That is the exact question. Such a principle is a true American principle. It is about time the representatives of the American people thought of America and Americans first instead of a bunch of international sugar racketeers in foreign lands.

Mr. CRAWFORD. Especially if there is going to be a 3- or 4-year war ahead of us in Europe.

Mr. SCHAFER of Wisconsin. The price of sugar might then go to 50 cents a pound if we permit the New Deal to continue to serve the Cuban sugar monopoly and help it strangle our own American sugar producers.

Mr. CRAWFORD. We should begin to think of where we are going to get our own needs supplied.

Mr. GILCHRIST. If the gentleman will permit an interruption, I believe he has not answered the other question yet.

Mr. CRAWFORD. I thank the gentleman for reminding me. I am in favor of correcting our law so that the American people under the American flag—that means Hawaii, Puerto Rico, the Virgin Islands, continental United States—beet and cane—can grow such sugar as they want to grow for the American market. Then if we have not got enough let foreign countries supply the balance.

Mr. GILCHRIST. Mr. Speaker, will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. GILCHRIST. What does the gentleman say about our duty toward Cuba? Do we owe a duty to the Cuban people as a result of the Spanish-American War, that we entered into to rescue those people from the terrible conditions then existing in that island? Do we still have the duty we then assumed; does that duty still exist on our part to protect the Cuban people economically?

Mr. CRAWFORD. If we are to construe that situation as a moral responsibility or duty, or some form of charity, then I think we should go at it on a constructive basis and bring about conditions that will induce—and, if necessary, use a little bit of economic force—induce the Cuban people to diversify their agricultural operations and cease to rely upon a strictly one-crop economy, namely, sugar. I think our situation in Puerto Rico could be greatly relieved if we would have the Puerto Ricans diversify their agricultural operations. But Puerto Rico is our territory. But as long as you let Cuba and the Philippines continue as one-crop islands, you might say, or set of islands, dependent upon the United States sugar market, somebody is going to suffer, either in the continental United States or in those islands, and the chances are that the poor people in the islands will do most of the suffering because of the exploitation of absentee-ownership operation on a one-crop economy. So we have probably a moral responsibility to use our efforts in correcting the very thing we have helped to build. We also have poor people here in this country—farm families, if you please, whose total gross income amounts to less than \$500 yearly for the entire family. [Applause.]

[Here the gavel fell.]

Mr. CRAWFORD. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include therein excerpts from Government publications.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

#### EXTENSION OF REMARKS

Mr. WOODRUFF of Michigan. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and I also ask unanimous consent to extend my own remarks by printing a speech made by a former Member of the House.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan [Mr. WOODRUFF]?

There was no objection.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Montana [Mr. THORKEKELSON] is recognized for 30 minutes.

Mr. THOMASON. Mr. Speaker, before the gentleman begins his remarks, I wonder if he would yield for a question or two by me?

Mr. THORKEKELSON. Yes; I yield.

Mr. THOMASON. I do not want to interrupt the gentleman in the course of the remarks to which he expects to address himself today. I rise at this time to make an inquiry, more than anything else. I observe from the daily RECORD that on Wednesday, October 11, beginning at page 598, there appears six small-typed pages of an extension of remarks by the gentleman from Montana, purporting to be a letter signed by Col. E. M. House, and addressed to the Right Honorable David Lloyd George, from the British consulate in New York City on June 10, 1919, in which Colonel House, in effect, proposed, as the gentleman from Montana suggests, an "invisible government" for world domination. May I ask the gentleman if this is the late Col. Edward M. House, of Texas, and one time an intimate of President Wilson?

Mr. THORKEKELSON. That is who it is supposed to be; yes.

Mr. THOMASON. Supposed to be? Does the gentleman have positive information that it is the same Colonel House?

Mr. THORKEKELSON. What does the gentleman mean by "positive information"?

Mr. THOMASON. I do not mean to question the good faith of the gentleman, but, having known Colonel House more or less casually and quite well by reputation, I am anxious to know the authenticity of this letter.

Mr. THORKEKELSON. I think if the gentleman will read the letter, if he will review the things that happened since the letter was written and what happened before the war; if he will take into consideration that the Prince of Wales was over here dancing around after the war, as stated in that letter; and if he will take other things into consideration, I think he will find that the letter is authentic in the manner it is written.

Mr. THOMASON. Will the gentleman state for the benefit of the Members of the House, many of whom have serious doubts about the authenticity of the letter, from what source he obtained the letter and what evidence he has of its authenticity?

Mr. THORKEKELSON. The gentleman may read the letter and draw his own conclusions.

Mr. THOMASON. I have read the letter with amazing and unusual interest. Knowing Colonel House and his life work in a way, I, along with many of my colleagues from Texas and, I believe, many of my colleagues in the House have serious doubt about the authenticity of the letter, and I therefore would welcome the gentleman placing in the RECORD some evidence of its authenticity.

Mr. THORKEKELSON. The letter has been published. The letter, of course, does not itself refer particularly to England. It refers to the power that rules England. Let me give the gentleman a little history.

Mr. THOMASON. Does the gentleman have the original of this letter?

Mr. THORKEKELSON. No; I have not.

Mr. THOMASON. Can the gentleman tell me if the original did bear the date line "British Consulate at New York City" and if it was signed "Col." E. M. House?

Mr. THORKEKELSON. I presume it does.

Mr. THOMASON. Does the gentleman have any evidence of that fact?

Mr. THORKEKELSON. No.

Mr. THOMASON. Will the gentleman furnish to the House some evidence of the authenticity of this letter?



Mr. THORKELSON. May I refer you to the American Publishing Society, Bremerton, Wash.

Mr. THOMASON. I do not mean to trespass upon the gentleman's time, but may I say in that connection that Colonel House is not here to defend himself, and I think a rank injustice may have been done a very distinguished citizen.

Mr. THORKELSON. It is not a rank injustice. I do not care if the man who wrote that letter came from Texas or anywhere else.

Mr. THOMASON. But he was a great American citizen, and it is the rankiest kind of an injustice if this is not a genuine letter signed by him. I want to know if Col. E. M. House signed this letter, and if the gentleman will be kind enough to furnish to the House evidence of that fact. I do not know whether it is his genuine signature or not, but I do not hesitate for one minute in saying that I have very serious doubt about it. I think, in view of that doubt, the gentleman ought to furnish evidence of its genuineness and its authenticity to the House, and I will ask him if he will not do so.

Mr. THORKELSON. The fact remains that the history in that letter speaks for itself.

Mr. THOMASON. I am not speaking of the contents of the letter. I want to know if Col. E. M. House signed this letter.

Mr. THORKELSON. I did not see Colonel House sign the letter, but the letter contains factual history which proves itself, and the publishers who published this letter employ the following title:

British Secret Service Report, 1919. The answer to all questions about how, when, and who caused America, "the richest nation on earth," to have a depression.

Mr. THOMASON. Will the gentleman say that he has evidence that Colonel House did sign the letter or that there ever existed a genuine, bona fide letter of that kind that was signed by the late Colonel House?

Mr. THORKELSON. I do not know that positively; no.

Mr. THOMASON. The gentleman will not say that it is genuine, then?

Mr. THORKELSON. No; except as far as history speaks within the letter itself.

As one reads this letter, the importance of it stands out boldly, for many of the incidents mentioned in the letter are known to us today. We know we have a world movement for an international government which was actually supposed to be started in the League of Nations. It failed because we did not support this plan in the United States. When we consider the means of propagandizing the United States as set forth in this letter, the letter itself becomes even more significant, because we know the very things which are mentioned in this communication actually have happened in the United States; and the peculiar thing is that it is happening again today. As I said following the letter, disregard the source and destination, and I meant that. It is not a question of reflecting on the personalities of any individual, but is instead a synopsis of events during and since the World War. Many of us are familiar with these events, and the value of the letter may be found in this knowledge.

I am somewhat familiar with this movement, as it began with the life of Cecil Rhodes, and was later taken up by the Carnegie Foundation. Reference to that, of course, may be found in many publications.

The serious plight of England in 1916 is known today. For the success of the Entente, it became very important that the United States join that war, not only in order to sustain credit which had been extended to the powers, but also to join them actively with manpower. There was little interest in this in the United States at that time, and none before.

I shall now quote from page 6, *World Jewry*, for February 22, 1935:

#### BALFOUR DECLARATION—SECRET FACTS REVEALED

In fact, the British and French Governments had entered into a secret pact, known as the Sykes-Picot Treaty, from the names of the representatives of the parties—Sir Mark Sykes and M. Georges Picot—for the purpose of dividing Palestine, giving the

northern half to France and the southern to England. In this pact there is no suggestion of any Jewish interest in Palestine.

That was the situation in the late summer of 1916, when Sir Mark Sykes, then Under Secretary of the War Cabinet (with Amery and Ormsby-Gore), held a conversation with Mr. James Malcolm, a member of the Armenian National Delegation who was of such invaluable help to the British Government in eastern affairs.

Sir Mark told Malcolm that the War Cabinet was greatly disturbed at the failure, up to that time, of all efforts to enlist the practical sympathy and help of the United States. The French Government had sent a special emissary, without success. Italy had tried to use the influence of powerful Italian citizens in the United States of America, but to no avail. He had thought of enlisting the substantial Jewish influence in the United States, but had been unable to do so.

The leaders of Anglo-Jewry, lay and clerical, whom he had seen, did not seem able to give him effective help. It might be that the Jewish hatred of Czarist Russia was so strong as to make it impossible for American Jews to be other than pro-German.

Malcolm informed Sykes that there was a way to make American Jews thoroughly pro-Ally, and he knew of a man in America who was probably the most intimate friend of President Wilson. Through that man, if through anybody, the President's mind could be turned toward active participation in the war on the side of the Allies.

#### ZIONIST MOVEMENT AS THE KEY

Malcolm said further: "You are going the wrong way about it. The well-to-do English Jews you meet and the Jewish clergy are not the real leaders of the Jewish people. You have forgotten the existence of the principle of nationality. \* \* \* Do you know of the Zionist movement?"

Sir Mark Sykes admitted comparative ignorance of Zionism, and Malcolm continued: "You can win the sympathy of Jews everywhere in one way only, and that way is by offering to try and secure Palestine for them. \* \* \*

Sir Mark, thinking of the Sykes-Picot Treaty, said that such a move was impossible. Malcolm insisted that there was no other way, and urged a Cabinet discussion. A day or two later Sykes told him that the matter had been mentioned to Lord Milner, at that time a very influential member of the war Cabinet, who had asked for further information. Malcolm pointed out the influence of Judge Brandeis, of the American Supreme Court, and his strong Zionist sympathies. If Sir Mark Sykes could obtain from the war Cabinet an assurance that help would be given toward securing Palestine for the Jews, it was certain that Jews in all neutral countries, especially the United States, would become pro-British and pro-Ally.

The Cabinet could not give any definite promise, but advised Malcolm to open negotiations with the Zionist leaders. This, Malcolm said, was impossible, as he could not go to them empty handed. It would be sufficient if Malcolm were convinced of the sincerity of the Cabinet's intentions, so that he could go to the Zionists and say, "If you help the Allies, you will have the support of the British in securing Palestine for the Jews."

This appealed to Sir Mark, but he saw grave difficulties. In the first place, France was counting on the Sykes-Picot Treaty. France would have to be persuaded to support the idea of Palestine for the Jews. Then there was the Vatican—Sir Mark himself was a Catholic—which would not support a scheme which meant placing the Christian holy places under Jewish control.

Malcolm replied that these difficulties must be overcome if the Allies wanted the help of the United States. Palestine meant Jewish support, which was becoming increasingly necessary.

That is exactly what happened in 1916, which was instrumental in alining us on the side of Great Britain in the World War. It was that influence from England, where the "invisible government" is sitting today, that brought us into that war. As I said, after quoting the letter, the important point to bear in mind is the information which the letter contains. However, we do know that there was a Mr. House, adviser in the Wilson administration, and it was the same administration that allowed the United States to become involved in the World War. We also know that Colonel House is supposed to have written a book—Philip Dru, the Administrator—which is a peculiar book, and that he is also credited with having written *Gabriel Over the White House*.

Mr. THOMASON and Mr. SCHAFER of Wisconsin rose.

Mr. THORKELSON. Let me answer the gentleman from Texas first. I know the gentleman is trying to clear Colonel House, but let us forget Colonel House.

Mr. THOMASON. No; I am just pleading for fairness to a distinguished man who is now dead.

Mr. THORKELSON. That is all right.

Mr. THOMASON. I want to know if I understood the gentleman correctly that it did not make so much difference about the genuineness of the signature, because that was not so material. I say out of respect to a man who is not here and cannot speak for himself, and to place a letter

of that kind in the RECORD without some evidence of its genuineness and authenticity is unfair, and I maintain that the gentleman ought to provide this House with some evidence that the late Colonel House signed that letter.

Mr. THORKEKELSON. I want to give you the facts about what happened during the World War, which I know about, and also what is happening today, which I also know something about. I do not think it makes very much difference, because the question today is not the reputation of any man and it is not a question of the character of any man. We know we were deceived during the World War, and we know we are being deceived today, and the question now is to prevent this country from getting into a war that we have no business to be in, and that is my purpose.

Mr. THOMASON. In that connection, does the gentleman think this is a very appropriate time to be stirring up race and religious prejudice in this country in view of world conditions?

Mr. THORKEKELSON. I want to inform the gentleman that I am not interested in creating racial hatreds, and I would not have mentioned this Balfour declaration if the gentleman had not forced me to do so. I have more information on this subject, which I am not going to insert in the RECORD, because I do not want to create racial hatreds, but if a choice must be made between obscuring facts and the protection of the United States, I shall reveal such facts as long as I can stand on my feet.

Mr. THOMASON. Day before yesterday the gentleman expressed his great hatred for Great Britain. I assume, of course, that also extends to the Canadians, and I am wondering where in the present world crisis his present sympathies lie.

Mr. THORKEKELSON. I did not express my hatred for Great Britain. I said I had as little use for her as any other European power.

Mr. THOMASON. I think the gentleman said he had less use for her.

Mr. THORKEKELSON. Well, I will grant that.

Mr. THOMASON. I wonder where the gentleman's sympathies are today in the present crisis.

Mr. SCHAFER of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. THORKEKELSON. Let me answer this other gentleman. Will you state the question again?

Mr. THOMASON. In view of the gentleman's expressed hatred for Great Britain, now when we are at least talking neutrality, and I hope not idly, I am sure every Member wants to do the best thing to keep us out of the present war. Does the gentleman mind stating where his sympathies are in the present world crisis?

Mr. THORKEKELSON. My sympathy is right here in the United States of America, and if the gentleman will read my remarks in the RECORD he will find just exactly where I stand. I am opposed to all European powers because I know them a darn sight better than you do.

Mr. SCHAFER of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. THORKEKELSON. Yes.

Mr. SCHAFER of Wisconsin. Is it not a fact that the same international tribe which plunged us into the World War in the name of "making the world safe for democracy" is on the move now with propaganda to plunge us into the present war in the name of "saving world democracy"? Instead of making the world safe for democracy in 1917, 1918, and 1919 we made America safe for Old Man Depression and the rest of the world safe for dictators.

Mr. THORKEKELSON. I thank the gentleman for his contribution.

It is now my desire to call attention to more propaganda issued by the invisible government through its movies. It is the play called *Thunder Afloat*. It is the same propaganda we had during the World War, which is now beginning to align us again on the same side as we were in 1917.

Mr. THOMASON. Mr. Speaker, will the gentleman yield?

Mr. THORKEKELSON. Pardon me, but I want to finish this.

I shall answer the gentleman at a later date and bring forth some facts that may prove interesting to Members of Congress.

Mr. Speaker, let me point out the importance of the information in the remarks of my colleague the gentleman from Ohio [Mr. SMITH]—CONGRESSIONAL RECORD, October 12, page 344. He enumerated neutrality acts from the seventeenth century on, which represents considerable research into the neutrality problem. Each and every one of the neutrality acts that he enumerated consisted of embargoes on the sale and transportation of contraband, particularly war material. In our Neutrality Act it is called the arms-embargo clause, and it is that that the President asks Congress to repeal.

Is it not strange that over a period of several centuries neutrality acts have confined themselves entirely to arms embargoes or prohibition of sale and transportation of guns, ammunition, and other war material? Is it not equally strange that after these hundreds of years this administration comes forth with an idea diametrically opposed to that which all nations have applied for these many years? The President, in the Neutrality Act, speaks of neutrality in the same manner that he enumerates the benefits to be derived from the act, such as safety, peace, and protection of life. All of these are obviously used for one purpose—to disguise the real intent of this legislation. It makes this bitter pill palatable so that it will be swallowed by Congress.

Neutrality is a status we establish and announce to nations at war, by which we pledge ourselves to help neither one side nor the other. This can be passed before war is declared or after war is declared, for we have a perfect right to stop sale of arms and all war material at any time we choose to do so. That is what these nations have done for hundreds of years, so they could be impartial, so they could be fair, so they could treat all nations at war alike and remain neutral. It is that type of neutrality that has allowed Holland, Denmark, Norway, Sweden, Finland, Switzerland, and other European countries to remain neutral even during the World War. Not one of those nations set aside safety zones for its own shipping. Not one of them declared war zones. Not one of them attempted to regulate foreign ships in its harbors—to investigate them and to fine them. As a matter of fact, each of those nations knew its place, which is something that we have yet to learn.

Let me call attention again to this point: Neutral ships, Scandinavian ships, have already been sunk by submarines, and no doubt those ships were engaged in carrying contraband to the powers which are now at war with Germany. Are Norway or other Scandinavian countries complaining because of the loss of such ships? No, indeed. In carrying contraband cargoes to enemy powers they accept the risk of such trade and, without complaint, take the consequences if they are caught.

May I now again call attention to our Neutrality Act? Congress can enact neutrality legislation without inviting criticism of foreign powers if we follow the custom that other powers have followed for 200 years. What is that custom? It is to declare neutrality by enforcement of an arms-embargo clause on such material as would be an aid to nations at war, one as much as the other. In passing legislation of this sort we are not concerned with the fact that one nation might have a navy and another one might not have the same type of a navy. That is none of our business. It is, however, our business to be neutral, and neutrality can only be maintained by sale to all on exactly the same basis or else by denial of sales to all on exactly the same basis.

Now, then, the question—if we actually want to be neutral—is whether or not we should be bound to the policy of no sale or whether we shall choose the policy of selling war materials. As we look over history again we find that all nations which established neutrality selected a neutrality policy of no sale of arms and ammunition to any power at war. The reason, of course, is obvious, for it is a greater safeguard for maintaining neutrality.

It is for that reason that the arms-embargo clause was incorporated in the Neutrality Act in the last session of Congress, for that clause was the only neutral part of the act.



Let us now analyze our own legislation. The Neutrality Act of 1939 gives the President or Congress the power, by a joint resolution, to serve notice that a state of war exists among certain foreign states—notice which is useless and unnecessary. After having given this notice, however, things begin to happen. The President then assumes command and declares that a state of war exists among foreign states, which is none of his concern and none of our business. Such foreign nations may not like this, even if he is correct. At any rate, they have a perfect right to object to the President's proclamation. The legislation further grants power to the President to declare war zones safety zones by negation; to set aside potential neutral areas in the Pacific, in the China Sea, and to declare lakes between us and a belligerent power open for commerce; the assumed power of patrolling hundreds of miles at sea, which we have no right to do under international law, except as a measure of mercy for ships in distress. It gives him the power to detain foreign shipping in our ports, investigate, and demand bond if he believes they have engaged in commerce not agreeable to his views. This act in itself is full of dynamite, because a foreign nation may object to it, and that in itself would be paramount to an unfriendly act, and therefore the very incident that could catapult this Nation into war.

The power granted to the President in the so-called Neutrality Act is incorporated for no other reason than to allow him to align the United States up in the next war, if it is to come, with England and France.

Mr. PITTENGER. Mr. Speaker, will the gentleman yield?

Mr. THORKELSON. Yes.

Mr. PITTENGER. The gentleman is talking now about the bill that the House passed?

Mr. THORKELSON. I am talking about the bill now under consideration in the Senate.

Mr. PITTENGER. The Senate bill or the House bill?

Mr. THORKELSON. The bill before the Senate.

It is my opinion, if we pass a neutrality act that is actually neutral, as the word implies, it will prohibit the sale, shipping, and transportation of arms to all powers at war on exactly the same principles that neutrality legislation had been written in the past. If Congress will confine itself to this type of neutrality, I am reasonably sure that the war which is now in the making in Europe will stop. There will be no war, because it means that England and France will have to fight it alone, and they are not going to do it. So if we pass sensible legislation we will do the world a lot of good, because we will be able to enforce peace by being honestly and sincerely neutral ourselves.

Conceding that Europe wants to commit suicide and go on with the present war, which is entirely its own business and should be no concern of ours, the fact that we have established an embargo on arms leaves us strong when they have fought themselves weak and exsanguinated. In this position we can be of greater aid to them than we would be in joining in this holocaustic destruction of civilization and the human race.

I therefore object to giving the President this unconstitutional power, the power of a dictator, not for peace, but for war.

It is our solemn duty to provide neutrality for the United States so that we may remain at peace. We can do that by enacting a neutrality act placing embargoes on all war material to all powers at war, prohibiting transportation in our own ships to nations at war. In providing legislation of this type belligerent powers will be more inclined to respect the right of our ships to maintain trade with neutral nations. If such neutral nations are located in war zones, due notice should be given to all belligerents of the cargo carried in our ships. It is obvious, if we carry contraband cargo of war materials to such neutral nations as I have mentioned, it may not be for their own use but for transshipment to nations at war. In such event the ship is liable to seizure by the blockading power. Let us not forget that the English blockade of Germany today is not only against war material but

against all commodities—food and war material consigned to Germany.

During the World War, England laid down a very tight blockade on Germany. No foodstuffs and no war material. As a matter of fact, nothing was allowed to pass through that blockade. The ships that tried to run the blockade were captured and taken to an English port, the cargo confiscated and used by Great Britain for her own purposes.

I mention this as a point in contrast, for there is so much discussion here today about nazi-ism, fascism, and anti-Semitism that one who opposes the subversive activities which are now undermining our Government is immediately called Nazi, Fascist, and anti-Semitic by the Communists or those engaged in such subversive activities.

Let us now look at this from the angle of the Central Powers. They were, during the World War, and are today, suffering from an airtight blockade, not only of war material but of all foodstuffs as well. Great Britain is not worrying about whether or not the civilian population in those countries is starving, lacks medical care, are ill-clothed or ill-housed. With Great Britain, it is a case of winning the war, and permit me to state it is exactly the same case with Germany.

Germany had no surface fleet or navy. She was forbidden by the treaty of Versailles to build such ships. She has submarines instead. Germany will use such submarines to blockade British ports, and, not having a harbor to which she may convoy intercepted merchantmen, they are sunk so that the enemy will not benefit from cargo carried in such ships.

During the World War, Great Britain had the so-called Q or X ships, camouflaged craft that looked like a merchantman but was in reality an armed vessel. When a German submarine hailed such ship the camouflage was struck and guns went into action, and the submarine was sunk without any further consideration. The crew aboard the submarine did not have an opportunity to save their lives, so what is the logical thing for such craft to do? When the enemy discovers such warfare it can only retaliate by sinking on sight merchant craft that is bound to English ports.

It is not a case of favoring one side or the other, but let us be just and treat all sides alike. I favor an arms embargo on all war material, and, of course, on such articles as powers at war designate "contraband," with no credit to either side or any nation at war. It is their battle. Let them pay for it. They will discover sooner or later that wars are unprofitable to all.

The SPEAKER pro tempore. The time of the gentleman from Montana has expired.

#### ADJOURNMENT

Mr. THOMASON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; and accordingly (at 1 o'clock and 40 minutes p. m.), in accordance with the order heretofore made, the House adjourned until Monday, October 16, 1939, at 12 o'clock noon.

#### EXECUTIVE COMMUNICATIONS, ETC.

1103. Under clause 2 of rule XXIV, a letter from the Chairman, Securities and Exchange Commission, transmitting chapter III of part 3 of the Commission's over-all report on the study of investment trusts and investment companies, made pursuant to section 30 of the Public Utility Holding Company Act of 1935 (H. Doc. No. 279), was taken from the Speaker's table, referred to the Committee on Interstate and Foreign Commerce, and ordered to be printed.

#### CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Invalid Pensions was discharged from the consideration of the bill (H. R. 7126) granting a pension to Mary Pauline Payne, and the same was referred to the Committee on Pensions.

## PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII,

Mr. VOORHIS of California introduced a joint resolution (H. J. Res. 391) to restore to Congress the sole power to issue money and regulate the value thereof, which was referred to the Committee on Banking and Currency.

## PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

5748. By Mr. GILLIE: Petition of Alice G. Kessens and 30 other citizens of Fort Wayne, Ind., opposing repeal of the arms embargo; to the Committee on Foreign Affairs.

5749. Also, petition of Mr. and Mrs. John Allen and 60 other citizens of Fort Wayne, Ind., opposing repeal of the arms embargo; to the Committee on Foreign Affairs.

5750. Also, petition of Clayton Klopfenstein and 50 other citizens of Howe, Ind., opposing repeal of the Neutrality Act; to the Committee on Foreign Affairs.

5751. Also, petition of Morris Baker and 75 other voters of Fort Wayne, Ind., opposing any change in the Neutrality Act; to the Committee on Foreign Affairs.

5752. Also, petition of O. W. Kruse and 25 other residents of Fort Wayne, Ind., opposing repeal of the embargo on arms and munitions; to the Committee on Foreign Affairs.

5753. Also, petition of Mrs. W. Tood Seitz and 20 other citizens of Fort Wayne, Ind., opposing repeal of the arms embargo; to the Committee on Foreign Affairs.

5754. Also, petition of Lillian M. Fonner and 20 citizens of Fort Wayne, Ind., opposing any change in the Neutrality Act; to the Committee on Foreign Affairs.

5755. Also, petition of Ethyl Blass and sundry citizens of Fort Wayne, Ind., opposing repeal of the arms embargo; to the Committee on Foreign Affairs.

5756. Also, petition of G. M. Patterson and sundry citizens of Fort Wayne, Ind., opposing repeal of the arms embargo; to the Committee on Foreign Affairs.

5757. Also, petition of Louis A. Frantz and sundry citizens of Fort Wayne, Ind., urging strict neutrality and no entanglements; to the Committee on Foreign Affairs.

5758. Also, petition of William A. Stockmann and sundry citizens of Fort Wayne, Ind., urging a policy of strict neutrality; to the Committee on Foreign Affairs.

5759. Also, petition of E. N. Wedertz and 80 other citizens of Fort Wayne, Ind., opposing any change in the Neutrality Act; to the Committee on Foreign Affairs.

5760. Also, petition of Thomas P. O'Connell, Jr., and 30 other citizens of Fort Wayne, Ind., opposing repeal of the arms embargo; to the Committee on Foreign Affairs.

5761. Also, petition of Mrs. William Vunora and 25 other voters of Fort Wayne, Ind., opposing any change in the Neutrality Act; to the Committee on Foreign Affairs.

5762. Also, petition of George W. McCoy and 25 other residents of Fort Wayne, Ind., opposing revision of the Neutrality Act; to the Committee on Foreign Affairs.

5763. Also, petition of Albert Henning and 25 other residents of Fort Wayne and Avilla, Ind., opposing revision of the Neutrality Act; to the Committee on Foreign Affairs.

5764. Also, petition of Fred H. Koopman and sundry other citizens of Fort Wayne, Ind., opposing repeal of the arms embargo; to the Committee on Foreign Affairs.

5765. Also, petition of the Men's Club of the Grace Evangelical and Reformed Church, Fort Wayne, Ind., opposing any change in the present Neutrality Act; to the Committee on Foreign Affairs.

5766. Also, petition of the Reverend R. F. Hart and 60 members and friends of the Methodist Church of Monroe, Ind., opposing repeal of the arms embargo; to the Committee on Foreign Affairs.

5767. Also, petition of W. Mortimer Cole and 50 members and friends of the Methodist Church, of Cromwell, Ind., opposing repeal of the arms embargo; to the Committee on Foreign Affairs.

5768. Also, petition of Rev. John Hagen and 50 members of the St. John's Lutheran Church, Fort Wayne, Ind., objecting against the proposed repeal of the arms embargo; to the Committee on Foreign Affairs.

5769. Also, petition of Rev. H. J. Jordan and 20 residents of Garrett, Ind., opposing modification of the Neutrality Act; to the Committee on Foreign Affairs.

5770. Also, petition of the Reverend Lorance Rodenbeck and 175 residents of Garrett, Ind., opposing repeal of the arms embargo; to the Committee on Foreign Affairs.

5771. Also, petition of sundry citizens of Corunna and Garrett, Ind., opposing repeal of the arms embargo; to the Committee on Foreign Affairs.

5772. Also, petition of Mr. and Mrs. George Heck and 35 other citizens of Fort Wayne, Ind., opposing repeal of the arms embargo; to the Committee on Foreign Affairs.

5773. Also, petition of Mr. and Mrs. John J. Deagen, Fort Wayne, Ind., and 30 residents of Fort Worth, Churubusco, and Columbia City, Ind., opposing revision of the Neutrality Act; to the Committee on Foreign Affairs.

5774. Also, petition of J. C. Maier, of Fort Wayne, Ind., and 50 citizens of Decatur, Hoagland, Monroe, Geneva, and Pleasant Mills, Ind., opposing repeal of the arms embargo; to the Committee on Foreign Affairs.

5775. Also, petition of Mr. and Mrs. Edward Burns and sundry other citizens of Fort Wayne, Ind., opposing any change in the Neutrality Act; to the Committee on Foreign Affairs.

5776. Also, petition of Ira A. Summers and 117 voters of Fort Wayne, Ind., opposing revision of the Neutrality Act; to the Committee on Foreign Affairs.

5777. Also, petition of Aubrey Tuttle and sundry other citizens of Fort Wayne, Ind., opposing repeal of the arms embargo; to the Committee on Foreign Affairs.

5778. Also, petition of 25 citizens of Fort Wayne, Ind., opposing revision of the Neutrality Act; to the Committee on Foreign Affairs.

5779. Also, petition of Mrs. Ralph L. Jones and 35 other citizens of Fort Wayne, Ind., opposing any change in the Neutrality Act; to the Committee on Foreign Affairs.

5780. By Mr. MERRITT: Resolution of the American Humane Association, urging that horses and mules be included among shipments forbidden as contraband of war; to the Committee on Foreign Affairs.

5781. Also, resolution of Hill Post, No. 39, Catholic War Veterans of the United States, urging their representatives in Congress to vote against the lifting of the embargo on arms to Europe and against the cash-and-carry plan; to the Committee on Foreign Affairs.

## SENATE

SATURDAY, OCTOBER 14, 1939

(Legislative day of Wednesday, October 4, 1939)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Zeb Barney T. Phillips, D. D., offered the following prayer:

O loving Master, who didst come into the world not to be ministered unto but to minister, and didst say to those for whom Thy Father's kingdom is prepared, "Inasmuch as ye have done it unto one of the least of these My brethren, ye have done it unto Me." Be graciously pleased, we humbly beseech Thee, to bless the work of the Red Cross, with its high and holy mission to mankind, as it ministers to the dread agonies of a suffering world. Do Thou regard, O blessed Christ, the sleepless tossing, the numb despair of the sick and dying, the penitent and the impenitent. Spare them, dear Lord, and succor those that tend them, working through them and within them, that they may share the sleep of all God's tired children—long, sweet, sound, and deep as love—until the breaking of the everlasting dawn. Amen.